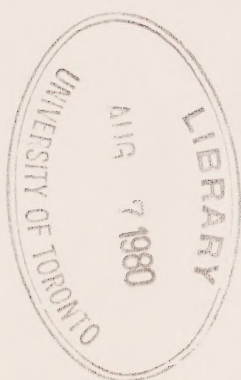


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Legislature of Ontario

Debates

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Resources Development Committee

Estimates, Ministry of Natural Resources

Third Session, 31st Parliament

Thursday, November 8, 1979

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

THURSDAY, NOVEMBER 8, 1979

The committee met at 3:30 p.m. in committee room 1.

ESTIMATES, MINISTRY OF NATURAL RESOURCES (continued)

On vote 2502, land management program; item 1, water control and engineering:

Mr. Chairman: We have all parties represented. Mr. Wildman, you were the last speaker, so you can continue.

Mr. J. Reed: Before we begin, Mr. Chairman, I have a point of privilege I would like to bring before this committee. It refers to a statement on November 5, 1979, on page R-2120-2. This is in the rough Hansard. I'm sorry I don't have the final print. It's obviously part of a discourse that is taking place between Mr. G. I. Miller and the Minister of Natural Resources regarding small hydro power. My name was inadvertently taken in vain in this exchange. They were obviously referring to small hydro power.

"Hon. Mr. Auld: Basically it just isn't economic at current rates until they get into a fairer size. There are some places where a dam is in good shape but the machinery is worn out and where we would be in a slightly better position. But the capital cost of a dam, plus the machinery, is substantial. You have to have a lot of water and a fair head with a consistent flow. You can't run it on high water in the spring as much as a lot of people would like to. Ask Julian, he's got one."

There's a response and then we get this:

"Hon. Mr. Auld: He's blowing fuses every day to prove it. The trouble with the gadget that feeds it into his electrical system is if by chance he forgets to turn off the hydro. But that's just a growing pain; he'll work it out."

You bet I will.

Mr. Chairman, when I read this, at first I thought perhaps it was done in a tongue-in-cheek manner and perhaps it was. I must say that bringing it up as a matter of personal privilege is not so much because I'm personally affronted, but I believe it's an affront to small hydro power in the province of Ontario. I happen to be very closely involved with that kind of thing and I want to correct the record.

First of all, on the statements, "He's blowing fuses every day" and "the gadget feeds

into his electrical system," I would just like the minister to know that my system has now been running since January 1 of this year and I have not blown a fuse, at least not in my electrical system.

Mr. Bolan: You're blowing one now.

Mr. J. Reed: The second thing is that I have not turned off my hydro. I fail to see the connection. I have been using the hydraulic power to heat my house and this year it is replacing 4,400 gallons of oil.

I want to go on and comment on a couple of the other statements that were made: "You can't run it on high water in the spring." I would like to know who gave the minister that advice about small hydro power. I want the minister to know the most power I am able to generate is generated during high water periods in the spring. As a matter of fact, while my system is only capable of delivering about 50 kilowatts, I could very nearly produce a megawatt in the spring if I had the equipment to do it.

The minister says, "It just isn't economic at current rates until we get into a fairer size." I would like the record to show that it's none of the minister's business whether small hydro power is economical or whether it isn't. If independent private entrepreneurs are willing to put up the money and do the funding, it is they who should be making the decision. I find it incredible that this government, that considers itself the last bastion of free enterprise, would involve itself in the economics of private enterprise in making pronouncement in this regard.

It's this kind of position and it's this kind of gross ignorance that is put down on record time after time after time that continues to provide just total non-leadership in the area of resource development. There's just over a million horsepower of small hydro power potential in southern Ontario alone. Free enterprise is sitting waiting to develop it.

If you talk to some of your people you'll know that I've been involved in trying to shepherd at least one of those groups through the maze that calls itself the Ministry of Natural Resources and the Ministry of Energy in order to make these things come to pass. Yet I have found in three years of effort nothing but total frustration and obviously no com-

munication between the Ministry of Energy and the Ministry of Natural Resources and no communication within the Ministry of Natural Resources itself.

The right hand does not know what the left hand wants to do and the final decisions about the disposal of these small hydro-power sites is obviously left in the hands of people who don't want to know that small hydro power exists or has any potential in this province.

I'll say just one other thing before I close. If we want to consider the use of this particular energy resource as a replacement for oil, it's the one logical generation source of electric power which can be transferred into a replacement for petroleum inasmuch as the mechanical energy utilized in the delivery of the water transfers almost directly into the delivery of the energy at the other end. There's no thermal input and no huge loss connected with it.

It's a million horsepower, private enterprise wants to develop it, the Ministry of Energy touts its great affinity for the private sector, the Conservative government considers itself this great bastion of private enterprise and yet private enterprise doesn't have a chance to develop an energy resource in Ontario that has been sitting there begging for the last 50 years.

Mr. Bolan: Well said. That was a good speech.

Hon. Mr. Auld: First, as Mr. Reed said, I perhaps had my tongue in both cheeks at the time I said that. I thought I said that you can't just operate only in the spring if it's going to be a commercial operation.

I think Mr. Miller's comments originally related to Hydro and/or the government getting into small plants. What I was attempting to say was, from a commercial point of view, if you are going to get into something which is commercially viable it basically has to operate year round, unless you've got a most unusual situation.

I'm aware of your own activities and I didn't ever get out to see the plant, but I will.

Mr. J. Reed: With respect, most water power runs the year round in Ontario.

Hon. Mr. Auld: I agree. I really shouldn't have said it unless I got into the whole technical bit, which I didn't. I hope to get out to see the honourable member's unit. I had the recollection, when we were talking about it some time ago, that he had or was working on a system of Ontario Hydro kicking out when his unit kicked in to look after his electrical load, if I could put it that way, and that he was having a little problem with how this

was going to work out. There was some technical complication.

I know that he was very fortunate—at least as I recall, and I'd better be very careful on this—in finding used equipment in good repair at a modest sum, which made his project a lot more economically viable. He has a stream on his property and he has done a lot of work and scoured the country for bits and pieces to put it together. I hope the invitation still stands and I can go out and see it. I won't bring any spare fuses with me.

Mr. J. Reed: Certainly the minister is always welcome to come out and visit me, either officially or unofficially. I'd be most happy to have him there. I would also acknowledge very readily that my ability to secure used equipment at a modest price assisted one not very wealthy farmer-actor to be able to do something that I possibly could not have done otherwise. I might also say had I had to pay five times the price to do it, it would still have been an economic project.

I suppose the frustration I feel stems from the presumption that persists in the Ministry of Natural Resources that certain things are uneconomic and are therefore best unacknowledged. Or that some things are incompatible with certain interests in the Ministry of Natural Resources and therefore no attempt to reconcile those differences or points of view should be made.

I would point out for the benefit of the minister and the ministry that last April the New York state energy research and development authority held a conference at which 1,600 small hydraulic sites were revealed as acceptable for development or redevelopment at the present time with low-interest loans from the state government. Representatives of various views and community sectors including those who had environmental concerns, sport fishing concerns and so on were there. Licensing procedures were simplified so that the private sector could participate in this worthwhile endeavour.

Hon. Mr. Auld: You'll be happy to hear that the dam Gordon Miller was asking about, the Wasdell dam on the Severn, which I indicated I would get some more information about, is one we are now working on with Hydro as a prototype, to see what can be done and what's involved.

The original plant was run by Hydro and built in 1914—I think it produced 750 kilowatts or so—and it stopped in 1955. In 1973 the plant was dismantled and the dam refurbished and turned over to us for management. We have done the construction of a base and housing for the prototype on a cost-recovery basis from Hydro. The prototype plant, I

understand, is going to have about a 150-kilowatt capacity to operate on a lowhead siphon principle. I think it has a 12-foot head and a big variation in flow from 200 to 6,000 cfs. We are doing something about it.

Mr. J. Reed: Just to correct the record, the waterfall capacity is 1.5 megawatts actually. The 150-kilowatt capacity, while it is commendable as a test site for a package unit—which I understand is the approach that Hydro has taken with a view to placing these in some more remote areas of the north—does nothing to redevelop the Wasdell site.

That is probably one of the classic examples of what has happened to small hydro power in Ontario. Wasdell was the first pilot project of Ontario Hydro, way back, in the beginning, when even I was a boy or prior to that time. It was simply allowed to be torn down. Between the time it was closed and dismantled and this time, millions and millions of kilowatts of electricity potential have been allowed to go down the river in the name of the cost of refurbishing.

I would say to the minister that when situations like this arise, as they did at the Cataract, as they did at the 16 other places, if the government or Hydro do not consider them to be viable for their own purposes, I appeal to the minister, for heaven's sake, kick it out so the private sector can get a lick at it.

Mr. Wildman: While I find this exchange very interesting—and it is somewhat relevant—I do realize that we are not discussing the estimates of the Ministry of Energy. Both myself and Mr. Bolan have a substantial amount of questioning to do with regard to floods, initially at least, on this particular vote on water control and engineering. I would appreciate if I could—

[3:45]

Mr. J. Reed: I have no desire to commandeer the time. I just felt there was a concept delivered there involving my name and that must be corrected.

Hon. Mr. Auld: I would like to add to the record that this is not a prototype for small communities; we're just doing it in a small way, not to harness the total capacity or the best capacity available. Okay?

Mr. Yakabuski: Mr. Chairman, before we move on, there has been a lot said about the potential of a great number of sites in Ontario and I think many of us could be left with the impression that at all these sites there wouldn't be anything in the way of developing them.

On the other hand I believe that if these sites were to be developed, many of them would be subject to an environmental assessment. If this were done I'm wondering how many of those sites would be left as potential sites after going through the environmental assessment process. I just want that on the record because I wouldn't want people to go away from this committee feeling every one of these sites will be developed at some time.

Mr. J. Reed: I should then put on the record that there are 4,000 dams in existence in the province right now, most of which do nothing but hold up water.

Mr. Chairman: I think Mr. Reed got his point across and clarified his position. We will hear from you now, Mr. Wildman.

Mr. Wildman: Thank you, Mr. Chairman.

When we adjourned our last discussion of these estimates, Mr. Chairman, we had discussed the involvement of the Ministry of Natural Resources and Ontario Hydro in the flooding we experienced throughout north-eastern Ontario last spring. I ended by asking the minister whether he would expect the electricity consumers of this province to accept flood-control measures taken by Ontario Hydro as part of the legitimate cost of the generation of electricity through hydraulic power in this province. I understood the minister to say that he thought, to an extent at least, that would be a legitimate expense.

Hon. Mr. Auld: As I recall, what I said was that Hydro in the course of making use of the water would probably be creating a reservoir which would have some flood-control capacity, even though it wasn't built for that. I believe that Hydro's view is they build the best operation they can, primarily for the generation of power. If they are asked to do additional things which have only a flood-control capability or use, they would want the cost of that to be found from outside of Hydro. Their role is to produce power at cost for their consumers and that would probably be their primary concern, although there may be cases where they have gone further than that because of other community considerations.

Mr. Wildman: I don't think that's exactly what you said last time, but I'll take it as what you're saying this time.

Hon. Mr. Auld: I think I said that as we were going out the door, didn't I?

Mr. Wildman: One of the problems we experienced last spring in northern Ontario where Hydro was operating on a watershed was many of their dams do not have a

reservoir capacity great enough to hold back water for flood-control purposes. And even with the normal drawdown what they have to do to deal with the freshet when they are faced with sudden warming temperatures or a lot of rainfall is let water through a dam. As a result you end up with a flood.

It is certainly true that Hydro's position is their mandate is to generate electricity at cost. They do not consider flood control for the communities downstream as one of the costs of generating electricity on a watershed.

I would differ with them on that point. It would seem to me that that is quite a legitimate cost. If you are trying to prevent flooding of a community downstream from a hydraulic site, to construct reservoirs of sufficient size and capacity and to operate them in such a way as to prevent flooding or minimize it as much as possible is very much a legitimate cost. The analogy has been used a number of times that it's a legitimate cost at a thermal generating station for Hydro to have to cut down on generation if the pollution index gets too high. That's a legitimate expense of that type of generation.

However, I don't want to prolong that at this moment. I'll come back to that in a few minutes. Right now I want to talk specifically about the Ministry of Natural Resources and its role in trying to minimize floods and deal with them.

I would like to use the Mississagi watershed as an example. I've had a substantial amount of correspondence with the ministry since that unfortunate event last spring and one of the things I got from the ministry was a list of all of the dams on the Mississagi. The member for Burlington was quite correct when he said there are a lot of dams in this province that simply hold back water.

There are a tremendous number of dams on the Mississagi. Many of them were originally constructed by logging companies in the 1920s to keep the water level up so they could hold timber that was cut. In the spring they opened the dams and let the timber run downstream.

A number of those dams are now used for recreational purposes by tourist outfitters operating on the small lakes up in the area and they need the depth of the water for fishing, of course, but also for other things such as landing aeroplanes and so on. Those dams that are no longer being operated or maintained by these old logging companies which originally built them have now come under the jurisdiction of the Ministry of Natural Resources.

When I got the list of dams, there was a substantial number of them. I asked for a

breakdown of how much had been spent on these dams in maintenance in the last 10 years by the Ministry of Natural Resources. Many of them are very, very old and I was interested in what kind of maintenance was done. I found out that the total amount of money spent in the last 10 years on the dams on the Mississagi watershed under the jurisdiction of the Ministry of Natural Resources was \$1,500, and that was spent all on one dam.

Even with all the explanations I have received since, that hardly seems to me like an active program of dam maintenance. I know the members of the ministry indicate to me, "We have to prioritize things; we have a lot of things to spend money on, and if you take money for maintenance you're taking it away from something else and you, Wildman, will be the first one to complain about us not spending enough money on regeneration of the forest or on fish and wildlife, or whatever."

Really, when you consider \$1,500 total in 10 years on one dam, and nothing on the other dams, other than taking a few of the top logs out, or whatever, whenever it was considered beneficial to do that. How on earth can you justify that?

Before you answer that, I know that since the time of the flood, when three of them were breached and helped to contribute to the flooding, MNR has become very interested in these dams. They are now doing an assessment, at least they told me they are doing an assessment, of all of the dams in the watershed trying to determine which ones are needed and which ones aren't. The ones that aren't needed are going to be destroyed and of the ones that are needed I anticipate they will work on those that need repair.

But before we get into that, how can you justify the fact that in 10 years basically nothing has been spent on one of the largest watersheds in this province that has a large number of dams?

Hon. Mr. Auld: I wonder, Mr. Chairman, if Bob Bugar, who is the director of the conservation authorities and water management branch and particularly familiar with this, might respond to the question.

Mr. Bugar: On the question of the amount of money that has been spent in the past, one assesses the dams annually and decides whether an amount of money needs to be spent or not. Now you are suggesting that we spent too little in the past 10, which I suspect could be borne out somewhat by the fact that a couple of them didn't hold this year. They have held in the past and it was the assess-

ment of the staff that they were in adequate shape.

I don't think it's fair to say that simply because of the floods this spring we are now taking a much closer look and are prepared to spend more money. For example, we have some \$40,000 allotted for the repair of the Mount Lake dam this year which was allotted well before last spring's floods. We have another \$140,000 set out for repairs next year on the Mississagi watershed.

Mr. Wildman: I don't want to get into a big argument about this, but it seems to me the reason that money was allocated was because you had left the dams so damned long and they were in such terrible shape that you were starting to get worried. It's just unfortunate that we had all that rain and the sudden freshet we had this spring. Maybe they would have been fixed before it happened, but it would have been nice if you had done it a little earlier, a few years before.

I'm told you are now going to work on the Rawhide dam, the Endikai dam, and the Mount Lake dam. I understand the Endikai dam has gone before. Is that right? Are those the three dams you are going to work on? Those are the ones that gave in the flood. If you tell me that the flood that occurred this spring isn't affecting which ones you are fixing, I find that a little hard to believe.

Mr. Burgar: I'm sorry, Mr. Chairman, the—

Mr. Wildman: I just pointed out that the dams you are going to fix I understand are at Rawhide Lake, Endikai Lake and Mount Lake. Those are the three that gave way this spring. Obviously you are going to do some work on them. What other dams are you going to work on in that watershed?

Mr. Burgar: The information I have at present is that Endikai and Rawhide will be removed and the money will be spent on Mount Lake.

Mr. Wildman: That's what I said. You are assessing the need for the dams. The ones that aren't needed you are going to remove, the ones that are needed you are going to repair. I just pointed out that the three dams you are specifically working on this year are the ones that gave last spring, and for obvious reasons. So to say the flood this spring didn't influence what you were doing on the watershed, I find hard to believe, unless you can tell me what other dams you are going to work on.

For instance Kindiogami dam almost went. Your people in the district up there were scared to death that it was going to go as

well. Are you going to spend money to strengthen it? It didn't go, but it almost did.

Mr. Burgar: The information I have is that Pichou Lake dam will be replaced next spring.

Mr. Wildman: That was the one I was going to next. I don't want to go through a long litany of all the dams because there is a large number of them. The fact is you didn't spend very much money in 10 years. I didn't ask what you spent in the 10 years previous to that.

[4:00]

Mr. Burgar: Mr. Chairman, may I say, in respect to the 10-year period that you are referring to, we did not have an engineering staff in the field until 1973 or 1974, I believe, and it was not very strong initially. We are slowly building an engineering staff in the field. We are slowly putting into place a program of rigorous examination of dam safety, as I've said, not entirely because of this spring's floods but because we felt that was the thing that should be done. We are building the staff slowly. The unfortunate thing about this spring, of course, is it came just a little bit before we had ourselves geared up to implement the program fully.

Mr. Wildman: All right. I'll just close off this part of my discussion. There are a couple of other things I want to raise.

It appears to me you are putting it very carefully, but what you are saying is the ministry realized in 1975 and 1976 that they hadn't been doing enough in maintenance of dams and decided they had better get on it because they had left it too long and you just hadn't been going long enough before what happened this spring occurred.

Dr. Reynolds: Mr. Chairman let me be permitted to add a word or two to this. Frankly, Mr. Wildman, the job is a very large one.

Mr. Wildman: Sure.

Dr. Reynolds: The figure is not in my mind but there are either 1,200 or 2,000 dams which we in the Ministry of Natural Resources control. Clearly not all, or even a very substantial portion of them, are on this one river which is our particular interest.

As Mr. Burgar has said, we have had responsibility for the engineering aspects of these dams for a relatively short period. We have had a budget for some considerable numbers of thousands of dollars, less under restraints, to address what we perceive, rightly or wrongly, as the most urgent cases.

The history of flooding on the Mississagi is one which we've considered and the

guessing, if you like, has not been all that great with respect to the particular four or five dams which you have mentioned. These dams were not in the best of shape. None the less you have to remember too, sir, they were not all breached. Some of them, at least two, were overtopped and no amount of repairing the existing dams prior to that would have stopped them being overtopped.

These dams are inherited, if you like, from many years ago. They were not put in for flood control. They were put in for the handling of timber drives. Given our druthers we would probably bulldoze out most of them. They don't serve a very useful purpose in flood control. Indeed, they are a hazard in some cases, particularly given the nature of their construction and the freshets which we now encounter, with increasing rapidity it appears, on this river as an example.

There is a certain degree of risk taking in all this. We cannot deal with all of them in any one year, or even in a 10-year period. The flooding on the Mississagi has been close to unprecedented this year. In fact, in the figures available through Hydro—since, I think, 1921, but it may not be that far back—indicate more water flowed down the Mississagi in a short time than ever before within that period. This is bound to create some unusual situations, and that is regrettable. It has affected some houses and constructions, which were built, after all, on the flood plain. We'll do our best and we are doing our best to repair these, but there is no way, with great respect, that we can be all things to all people.

Mr. Wildman: Okay. Can I just say that I don't think the deputy minister, Mr. Chairman, has said anything that disagrees with what I said. As a matter of fact, he repeated a number of things I said about the dams. All I'm saying is not enough was done in the past. I'm not singling out the Mississagi; I quite clearly recognize there were a number of floods in other places and that the ministry has a large number of dams for which it is responsible. But I would be interested if you could tell me how much was budgeted by this ministry in total dollars in the 10-year period prior to 1979 for the dams for which they are responsible in the northeast. How much money?

Hon. Mr. Auld: I'm afraid we wouldn't have that figure here.

Mr. Wildman: I know you don't have that figure now. I would like you to get it for me.

Hon. Mr. Auld: We'll see if we can get it before we are completed here.

Mr. Wildman: If you take the Mississagi example of \$1,500 in 10 years—or the Blind River watershed, for that matter, which is a little better but not much—the explanation that you have a large number of dams for which you are responsible would indicate to me that it would require a large amount of money. If there hasn't been a large amount of money budgeted, then I wonder how you have been living up to that responsibility.

Hon. Mr. Auld: Which the province fell heir to when timber operations moved from place to place and the dams were left. Perhaps they should have been taken out at the time.

Mr. Wildman: And as the deputy has said, and as I have said previously, a number of those dams now are used for other purposes, for recreational purposes. So as a result we have to keep them.

I won't get into this, but I could get into a discussion about the overtopping of some of those dams, simply on the basis of whether or not the Ministry of Natural Resources removed the stoplogs as early as they should have and as early as they were requested to by local people. But I won't get into that because it's a no-win argument.

In the case of the Mount Lake dam, to which you referred, we ended with a little dam in the middle of a lake. The dam didn't break; the earthworks on either side of it did. So you still had a nice little dam there, but with a lake all around it.

Hon. Mr. Auld: As has been pointed out, the flood conditions right from Lake Superior to the Ottawa River, were most unusual this year. It was a combination of circumstances which, unfortunately, does not happen very often.

Mr. Wildman: Okay. I asked specifically—and I won't go into other dams on the Mississagi—about the Kindiogami dam. I understand from Mr. Bugar's reply that they are looking at doing some work on Pichou Lake dam but you don't know about the other one which, at the time of my discussion with Mr. Hager, the district manager, they were very worried was going to go. It didn't, thank goodness. But they were worried that it was going to go.

Hon. Mr. Auld: The Kindiogami or Pichou dam?

Mr. Wildman: Okay. The Pichou was the one I was going to mention as well. I'm glad you are looking at doing something there.

Is it true that you lower the lakes you keep for recreational purposes in the fall? That is, are the levels lowered? For instance we'll use

Mount Lake as an example. Is it lowered in the fall?

Mr. Burgar: That is the normal procedure, to lower, to draw down the water in the fall. Yes.

Mr. Wildman: To what level? Do you take into account fish life or whatever? Does that determine how much you draw down the water?

Mr. Burgar: In determining how far you would draw down the water, certainly the spawning beds would be taken into account. The other major factor that would be taken into account would be an estimate, an historic record, of how far you could draw down and fill up again in the succeeding spring to allow the cottages or camps to make use of the lake properly.

So there would be two factors in essence: the fish and wildlife factor; and the recreation factor.

Mr. Wildman: Okay. Can I ask a general question, then—

Hon. Mr. Auld: I hope you are right about no drought and the proper amount of rain in the spring.

Mr. Wildman: No, I understand that problem. Could I ask you a general question regarding the ministry's general attitude toward flood control?

I can't escape from the feeling, as a result of some of the comments made to me by the ministry and letters I have received from the minister and his officials, that they basically accept floods as a natural phenomenon—which they are—that they basically accept them as inevitable, that they will occur again on the rivers on which they occurred this spring and that because of that, it is basically easier or less expensive, perhaps, to pay to move the people, as they suggested in Field, off the flood plain, than it is to construct the kind of works necessary to prevent flooding. Now is that a fair assessment of the ministry's position or not?

Hon. Mr. Auld: Oh, I would certainly say it isn't. I think our position is that we would like to prevent flooding. As you say, floods are inevitable to some degree. We want to keep people off the flood plain.

In the case of Field—and no doubt Mike is going to be discussing that—Field exists because of the saw mill. Since the saw mill was going to continue, there was very little expense involved in moving the community up to higher ground because of the damage that had been done to the housing.

I don't think we have ever taken the position that it would be better just to move people. Certainly I am not aware of it and

I have been around here for a while. I think we try not to have them there. If they are there, as is the case in some of the older parts of the province that have been settled for a long time and where communities have built themselves right in the flood plain, particularly in southwestern Ontario where it's so relatively flat and there are so many people, you try to build protective works to avoid flood damage.

Mr. Wildman: Mr. Minister, in your response to me on Iron Bridge, for instance, you seemed to indicate you would not move them, but that it would be cheaper to pay for the flood damage than to build the kind of dams necessary to prevent the flooding.

Hon. Mr. Auld: I would imagine that there would be some places where that might apply. There is one community, on the Grand, I think—Bob Nixon isn't here—where we were reading in the paper that the people who lived at a turn in the river started installing sump pumps some years ago. They are quite used to having their basements flooded every year. There is nothing anybody can do about it. They are just not going to move. They have, in fact, sort of resigned themselves to live with what is a frequent occurrence.

Mr. Wildman: I specifically asked if the Whitman dam would be rebuilt to hold back water on the Goulais River. In this case, I was told by local Ministry of Natural Resources officials that it would be cheaper to pay for whatever flood damage took place in Searchmont than to build the Whitman dam.

Hon. Mr. Auld: Bob, would you like to— you wanted to comment a moment ago?

Mr. Burgar: If I may elaborate very briefly on your response to Mr. Wildman's questions about what the ministry's doing. I think our policy would be that we are trying to prevent loss of life and property damage from flooding in this instance.

It seems to me we are taking three or four major steps now.

First, to identify those areas that would be flooded. In other words, flood-plain identification.

Second, through commenting on official plans and subdivision review, we attempt to ensure that people do not locate in the flood plain, where they are then susceptible to flood damage.

Third, failing that we have the emergency response, the lead ministry responsibility for responding to flood emergencies.

Fourth, we have our provincial stream forecast system, which I think I mentioned the other day we are now improving in the

north, to provide better advice with regard to heavy surges of water coming down streams.

Another possibility, of course, is the building of structures. It seems to us that the most cost-effective method of flood control is using the first three items.

[4:15]

Mr. Wildman: If I may submit, the first three items you mentioned are very good and very useful in preventing future development on flood plains. They are absolutely no good in preventing flooding in communities like Iron Bridge, Searchmont, and Goulais River where development has already taken place on the flood plain.

It doesn't do a damned thing for a house that's already there for you to have a map and say, "You're on a flood plain. Thank you very much." All it does is affect property values if the owner tries to sell it to somebody else. It doesn't help him a bit to say, "You're on a flood plain." He knows it; he had a lot of water in his house this spring.

I don't want to denigrate what you're doing in flood-plain mapping. I think that's important for the future. My question is what are you going to do to prevent the flooding in the communities that have already developed on the flood plains?

Hon. Mr. Auld: I can't give you a fast answer on that because I have no idea what the cost would be. I don't believe it would be possible to remedy the mistakes that have been made over the years in where people have sited their homes, whether it's because of natural erosion, which we were talking about the other day regarding Lake Erie and which we have not yet found a way of controlling effectively; or whether it is from flood; or from a variety of circumstances.

I think individuals in many places have done some flood-proofing themselves to remedy the situation where they found they were having trouble. It's not nearly as serious, but it's the same thing as we've had, and still have, on the St. Lawrence. You can find out from Hydro or from the seaway authority what the maximum and minimum water levels will be.

After two or three years of low water people still build wharves that are flooded when we get high water. That's an economic problem. I've never heard of any casualties as a result of that.

There was a boat house next door to us that was built about 50 years ago. About every six years they couldn't use it because the water came up so far in the bottom where the kitchen and the bathroom were.

They wound up with a very clean kitchen in the summer but they couldn't use the cottage. Nobody helped them. Somebody had built it that way and that's the way it was.

Mr. Wildman: In Iron Bridge it's not just residents or businessmen who have located in the flood plain. The Ministry of Housing built the senior citizens residence in the flood plain. It's not just misguided individuals who happen to build their houses on flood plains in Iron Bridge. The provincial government is also in the same situation.

Hon. Mr. Auld: I guess it shows that governments are made up of people who make mistakes too.

Mr. Wildman: I understand that for a long time the Ministry of Natural Resources has been very involved in mapping flood plains and determining, whenever someone wanted to build, sell, or sever a piece of property, whether or not they should be allowed to, whether it was hazard land or not. Surely the Ministry of Housing would have consulted with the Ministry of Natural Resources as to the location of the senior citizens apartment complex in Iron Bridge.

Hon. Mr. Auld: We are probably criticized as much for being too conservative or too tough on flood-plain areas as we are for anything else. While in most cases we don't have the authority to prevent such development, we make our recommendations. I guess municipalities and individuals decide not to accept them on occasion.

Mr. Wildman: I won't suggest the Ministry of Housing didn't take your advice in this case.

I also had it pointed out to me once by one of your engineers that the senior citizens apartment complex wasn't flooded. It's true it wasn't flooded. It was surrounded by water and if the water had come up another inch it would have been flooded. Maybe you guys calculate exactly what the flood levels would be.

I want to finish by asking three questions.

Hydro has indicated that in the Mississagi flood one half of the water that passed through Iron Bridge originated with the Little White River, a tributary of the Mississagi which covers about a quarter of the watershed, while the other half of the water came from the other three quarters of the watershed, which is controlled by Hydro. In other words, one half of the water was uncontrolled. It came from the dams we mentioned earlier on the Little White River.

Although they aren't going to push for it, Hydro has agreed that it would be very helpful in preventing flooding downstream—since

they don't have the capacity behind their dam where the Little White dumps into the Mississagi to hold back flood water—to have a flood-control project on the Little White River. I want to know if the ministry is considering that. We're talking about a very old community located downstream on a flood plain. Flood plain mapping is not going to help the people who live there now.

Mr. Burgar: Before we rush into the question of building a dam immediately we would want to look at the watershed in a comprehensive way, to ensure that what we were going to do would be the most sensible. There is a program under which we can make such a study and I understand we are being asked by the municipality to do so.

So in answer to your questions, we are certainly considering what can best be done to reduce the adverse effects of flooding. It would certainly be premature for me to say now that we're going to consider building a dam, or doing this, that, or the other.

Mr. Wildman: Okay. I understand your program of flood-plain mapping is part of a Canada-Ontario flood-reduction program.

Mr. Burgar: Flood-damage reduction program.

Mr. Wildman: I understand \$8 million is budgeted for flood-plain mapping across the province. The other portion of that program is for remedial works to reduce flood damage, but only \$2.1 million is budgeted for that for the whole province. Is that correct?

Mr. Burgar: If I may suggest, the \$1.2 million figure is essentially for studies and the possibility of remedial works.

Mr. Wildman: So it's even less than I suggested? One point two million dollars for remedial works and \$8 million for mapping?

Mr. Burgar: The \$1.2 million is not totally for remedial works. It is for the kind of study we're talking about; what should be done.

Mr. Wildman: The \$1.2 million is for studying what remedial work should be done?

Mr. Burgar: For studying what best should be done, whether it's remedial work or whether it's some other approach.

Mr. Wildman: All right. In the leadoff statement to the estimates, the minister mentioned what was going to be done with that program. He didn't mention any of the rivers in Algoma. Are any of them going to be included next year in your flood-plain mapping program? If so, for how much money?

Mr. Burgar: We have set up a formal process. We are asking for a request from a municipality to initiate a study. We understand there will be such a request from Iron Bridge. We are then faced with the problem of how we get involved in the unorganized areas. Both matters are being considered, because obviously some work has to be done on at least those rivers in the Algoma area.

With regard to the amount of money, I think it would certainly depend on how comprehensive a study we sought and what kind of bids we got from contractors for it.

Mr. Wildman: Normally you require a conservation authority to be established. In the unorganized areas you have no vehicle for doing that. In the case of the Mississagi you have a municipality at Iron Bridge, but it's a very small municipality and it's a very large watershed. What are you looking at in dealing with these kinds of problems in areas where you don't have any municipalities to pay a municipal share of the costs of any kinds of works on these rivers and where it's very difficult to establish any kind of conservation authority?

Mr. Burgar: It is not right to say that normally we would request that a conservation authority be established. The money under the Canada-Ontario flood-damage reduction program is available, whether or not there's a conservation authority.

Mr. Wildman: I think we've already pointed out that that's only \$1.2 million and that's for studies on what's supposed to be done. If indeed you decide there should be dams built, or floodways built, or dikes, et cetera, you're going to need some vehicle for doing that. Normally this would entail a conservation authority, isn't that correct?

Mr. Burgar: No, sir. If there were to be dam structures built in organized areas or areas where there was no conservation authority I would assume the ministry would ask for money in its estimates and build them that way.

Mr. Wildman: The only other question I have is on Ontario Hydro's responsibility.

One of the problems we have experienced in this whole situation involving the Mississagi was the split jurisdiction between Ontario Hydro and the Ministry of Natural Resources. Would you agree that it might be useful and beneficial if that jurisdiction were given all to one body—that is, Ontario Hydro, since they're working on the river? They're operating on the river and they could be given the responsibility for flood control.

If you disagree because it's not part of Ontario Hydro's mandate, are there any oc-

casions where Ontario Hydro has specifically spent money for flood control which did not increase its generating capacity?

Mr. Bugar: With regard to the last question, there are no situations I know of where Ontario Hydro has assumed any formal responsibility for flood control. What I have is their statement that as far as it is possible in keeping with their power-generation responsibilities they will operate their dams in the spring of the year to control floods as best they can. But it's not their formal responsibility to control floods. There is nowhere in the province that I know of where they have assumed that responsibility.

Mr. Wildman: There is no precedent, say, on the Madawaska for them having done anything like that?

Mr. Bugar: Not to the best of my knowledge, no.

Mr. Wildman: All right, I'll leave it at that.

Dr. Reynolds: That doesn't rule out by any means a co-operative arrangement, or a consultative process when Hydro is putting in dams or waterworks or that sort of thing. I think there's a good working relationship—which you would likely say could be improved and I agree with you and we're working to do this—between the two ministries. That's working better and better all the time, and so it should. I don't know any reason why that type of consultative arrangement couldn't be more closely allied, such as the flood warning schemes interchanged and co-ordinated—the sort of thing we've had arising out of this particular situation on the Mississagi.

It's regrettable, but it seems to take a tragedy like this, or a near tragedy, to effect these sorts of things, but that does give impetus to these things happening. The inter-relationships between the northeastern area of Hydro, with our regional office at Sudbury and the district office and their people and ours—indeed, meetings have been convened in my office in Toronto—I think have improved this sort of thing and we hope will at least mitigate if not remove these sorts of situations in the future.

Mr. Wildman: What role do you have in influencing Hydro's operations on the river with the raising and lowering of water levels because of generation requirements which have produced a serious erosion problems along the banks downstream? What role do you have in persuading Hydro to do something to prevent the further erosion, which in one case almost destroyed one man's business and in another case removed almost half of the property of some of the home owners?

[4:30]

Dr. Reynolds: We have had some considerable successes—I can't point to any of the watershed you're particularly concerned about—not just on erosion but on things like the flooding of wild rice beds, the destruction of spawning beds of lake trout by lowering and, late in the fall, the problems with cottage owners' docks and boats and improvements—that sort of thing.

The least I can say, and I think much more could be said, is that the situation is much improved over what it was, but much more needs to be done.

Mr. Wildman: You have no direct role then in the study being done by Hydro, and which is supposed to be finished by the end of January on the erosion problem on the Mississagi?

Dr. Reynolds: I don't think we have.

Mr. Bugar: We're aware they're doing it, but other than working with them and talking to them about it we have no direct role in that particular erosion control study they're doing downstream from the dams.

Mr. Wildman: I'll turn it over to my colleague from Nipissing who has I think a great deal more he wants say about floods. I'll finish off by saying I appreciate the work that's being done by the ministry now in flood-plain mapping and its importance for the future, in the installation of gauges and so on to try to, in future, warn people who are living on the flood plains and prevent further development on flood plains.

However, I still don't see what I would think is an adequate response to the needs of people who are living on flood plains who have experienced serious damage and who from the minister's own testimony probably will experience it again in the future. I think something has to be done in funding the studies being done—when and if they are being done on the Mississagi, for instance, or the Coulais, et cetera—to ensure that these people don't experience the same kind of thing they experienced this spring.

Mr. Bolan: I would like to say at the outset that I don't intend to turn this into a one-man flood inquiry into the Field flooding and the city of North Bay flooding. However, I do want to establish on the record for the sake of posterity what role, if any, the Ministry of Natural Resources played in the events which led up to the point where we realized there was going to be some serious flooding from that particular watershed.

From the time it became apparent some very serious flooding was to happen—and this was predicted once we saw the level of the river and the flow which was still to come—

once this was ascertained it was obvious to everyone there would be tremendous damage. I would like to say that the role of your ministry, the Ministry of the Solicitor General, the Ontario Provincial Police, the Ministry of Northern Affairs, was played in a competent manner. This is attested by the fact that there was no loss of life. I don't think anyone was injured. Mind you, there was tremendous grief at loss of property, property in which some people had lived for over 50 years, but I think the manner in which it was handled by ministry people from the time it became apparent that the flood was to take place, was competent and these ministries are to be commended for their efforts. It was a co-ordinated effort which had to come into play, and did.

There are two aspects to this, as you are probably aware. While the Sturgeon River was rising, Lake Nipissing was rising, too. I realize Lake Nipissing is not within the jurisdiction of Ontario. However, there are some points I would like to make on that, later on.

As I said the Sturgeon River was rising and there was no place for the water to go. Even if there had been, it would not have gone out of the Sturgeon River system fast enough to prevent flooding. I want to put a series of questions to Mr. Burgar in this regard. We tried to establish—not for malicious purposes or anything like that, but I want it on the record—what role the ministry played in this. For example, I take it that there is no conservation authority in the Sturgeon River area. Is that right?

Mr. Burgar: The North Bay-Mattawa Conservation Authority exists on the northeast corner of Lake Nipissing, but does not cover the Sturgeon River.

Mr. Bolan: Is there any conservation authority at all on the watershed for Lake Nipissing, taking in the Temagami watershed and extending it all the way down—the Temagami River, the Sturgeon River? Is there any conservation authority at all?

Hon. Mr. Auld: I'm sorry, there is just one thing, Mike, we have Lou Ringham here, who is the assistant deputy minister for northern Ontario and who is really quite close to the Sturgeon River-Lake Nipissing situation. It is possible there may be questions here that he is more familiar with than Bob Burgar, so perhaps—

Mr. Bolan: Feel free, whichever one wants to take it. Can either one of you gentlemen respond to that?

Mr. Ringham: No, the member is correct.

Mr. Bolan: On the Sturgeon River, or on any of the other rivers which flow into the

Sturgeon River, how many dams are there either owned or controlled by MNR, or which are owned by Hydro? Do you have statistics or data on that?

Hon. Mr. Auld: I think there are two owned by Hydro; one at Crystal Falls and one at the outlet of Lake Temagami.

Mr. Bolan: No, I mean north of Field. The one at Crystal Falls is aside from it; it really has no bearing on this because the damage was already done. My information is that there are about four or five dams up the Sturgeon River which are owned and controlled by Hydro.

Mr. Burgar: There are about four dams on the Sturgeon River, north of Field.

Mr. Bolan: North of Field, right. And these are Hydro dams?

Mr. Burgar: Essentially all Hydro, except one that is being taken over by MNR now.

Mr. Bolan: Right; and these are Hydro dams for generating purposes?

Mr. Burgar: Yes.

Mr. Bolan: Do you have any information as to the condition of the reservoirs of these dams—let's say, back in March or April? The reason I am asking you this question is because we have information from people in that area that it was very obvious to them, even going back to the month of March, that the reservoirs were already backed up; the reservoirs were already full. The water should have been drawn or there should have been some mechanism in place to draw the water so that when the thaw came later on in April there would be room in the reservoirs to collect the water from the flood. Do you have any information on that at all? If you don't have it, could you get it?

Mr. Burgar: Mr. Chairman, I don't have that information immediately on the level of the water behind the dams on the Sturgeon River in March or prior, but we can obtain it.

Mr. Bolan: Let's say in the month of March.

Can you also find out for me what the various levels are? For instance, does it go up 10 feet or 20 feet? How far back does it extend? And could it have been drawn at that time? My information is that it was not drawn. My own personal observations of Lake Nipissing were that sometime around the end of March or at the beginning of April the water was inordinately high.

I have a small island off the south shore of Lake Nipissing. I manage to get out there quite early each spring as the ice breaks up fast because of the rivers which run into that area. I was out there on April 1 this year,

which was unusually early. I noticed the high level of the lake waters, but I didn't pay any particular attention because I'm not that familiar with it. It was pointed out to me by at least two residents in the area that the water was too high and that some of it had to be drawn from the lake or else there were going to be some very serious problems. This is the same type of information I received back in May as to the condition of the reservoirs of the Hydro dam.

I would like to know just what role you played in that. Are you telling us that as a matter of policy—maybe it's not a matter of policy but a matter of not having any choice in the matter—that you have no say in the water levels of the reservoirs of dams which are owned by Hydro?

Mr. Bugar: Yes, basically that is correct.

Mr. Bolan: I ask this with the greatest of respect—you are the expert on this, I'm not—don't you think that it's sensible for you to try to negotiate some kind of joint control with Hydro? We've had examples of this in Mr. Wildman's case and in my case, not only necessarily for the flooding, but also for erosion and vegetation, and the game fish. As an official of the ministry do you think there would be any value to this?

Hon. Mr. Auld: As you know, Mike, the Canada-Ontario flood committee has been studying the whole system, which would include Hydro and the federal public works dam at Lake Nipissing, to see if we can improve the system both by forecasting and water-level control prior to the exercise. I think it important to have records. Hydro, fortunately, has records for its dams going back quite some time to see what the levels were in previous years, and how they compare. My recollection is that when I was there, it was really in about 24 or 36 hours before the crest went up that the big flow started. There had been similar levels before, some of which had created slight, very low flooding in Field. I remember the reeve telling me when it got to a certain level—he pointed out underneath where it was, he thought it was one of those wet springs. It wasn't until the level kept going up that night that they realized there was something unusual. That was, as you said, the prolonged thaw, with more ice, rain and all the snow that had not been predicted. What we hope we will find out in the study is if there is a way, by putting in more gauges et cetera, in which we can predict these things a little more accurately.

Without going into the details, I remember being told by Hydro that something like the record for water going through

the dam at Crystal Falls set in the 1920s was 25,000 cubic centimetres a second; and they were up to 34,000—

[4:45]

Mr. Bolan: About 32,000.

Hon. Mr. Auld:—some incredible difference.

Mr. Bolan: What is particularly bothersome in this instance is that it happened in 1970, it happened in 1960 and there was the event in the late 1920s.

As I have said, I am not here to point an accusing finger at anybody and say, "It's your fault." All I am saying is that to me it shows people are not putting their heads together, frankly. It's quite obvious that as an event happened in the past, the same thing is going to happen again. I'll predict right now that unless some mechanism of control comes in, or some co-ordinating agency comes into play, it's going to happen again. You're going to get your fast runoffs, they way you had this year.

What happened this year is that although there was not necessarily a large accumulation of snow, the temperature in mid-April reached 75 and 80 degrees. It lasted for three days, then it rained for three days and then everything in the bush came right down. There was no question that that's what happened. And it's going to happen again.

Hon. Mr. Auld: There had been a very strong wind on Lake Nipissing at the end of those three days.

Mr. Bolan: We'll get into that in a minute. That's a horse of a different colour. That's one where you can point the finger at the federal government and say they are responsible. In a sense, you're involved, and I'll explain in a minute why you are involved.

Mr. Bugar: I think we should point out to the member that as early as March our ministry, together with all those agencies that are involved in the North Bay area, were having weekly conference calls to discuss what was happening in the watershed.

Mr. Bolan: Is it because you were concerned about it or did you have indications that something was going to happen? Is this an unusual thing? Is this an unusual event, where you have these weekly or daily conference calls?

Mr. Bugar: I would not say it was unusual. I would say that would be a standard procedure in the spring because we know the snow is going to melt.

In the North Bay and Sturgeon areas, as you correctly stated, there were high temperatures and heavy rainfall. But a good

month prior to the event the agencies that were to be involved in flood control or emergency relief were getting together. Some work on the matter had been prepared.

Mr. Bolan: What kind of work? Obviously it didn't work.

Mr. Burgar: If I may, with all respect, sir—

Mr. Bolan: If you think I'm wrong in what I said, please stop me.

Mr. Burgar: I don't think anyone would suggest there was any way in which we could stop the water once the rain and the temperatures got together. But the fact that there was no loss of life and that the damage wasn't more than it was indicates that we and the agencies that were involved and participated in the emergency relief, were reasonably ready.

Mr. Bolan: With greatest of respect to you, if being ready amounts to this kind of a disaster, I would not want to see you unready.

I'd like to turn to the question of Lake Nipissing. This has to do with directions which date back to 1957, given by a Mr. Beattie who was the surveyor general for the province of Ontario.

As you know, Lake Nipissing comes under the Department of Transport of the federal government. But the water level of Lake Nipissing is determined by the province of Ontario. This goes back to memorandums and letters of exchange. There is one letter from Beattie addressed to an H. C. Rickaby, Deputy Minister of Mines and Resources, Ottawa. It is headed, Water Levels.

Hon. Mr. Auld: He is from Ontario. Rickaby was Deputy Minister of Mines for Ontario.

Mr. Bolan: Okay. "The following conditions apply to Lake Nipissing"—then they give certain information about it. Then, "Reservation of flood waters to levels to 645.00 CGS."

This is followed up by another letter from Beattie to Mr. H. A. Young, Deputy Minister, Department of Public Works, Ottawa:

"In future description of crown lands in Ontario, this department will exclude any lands between the line . . ." et cetera. "We will further reserve flooding rights to elevation of 645 CGS."

Letter addressed to the Department of Public Works, signed by S. W. Beattie, Surveyor General, May 29, 1961:

"Due to the agreement that the flooding rights shall be reserved up to elevation 645 peak CGS it will be necessary for the

cause . . ." et cetera, et cetera—"that it be retained at an elevation of 645."

The question is, does the province of Ontario control the water level of Lake Nipissing?

Hon. Mr. Auld: I don't think we do. Around 1900 the government of Canada was talking about another route into Georgian Bay. That's when they built the dam. They were going to raise the level for future navigation purposes.

I am no expert on this. Are you familiar with the history of it, Bob?

Mr. Burgar: The federal Department of Public Works took it over, in essence, for a transportation route. They have the dam and they control the level of the water.

Hon. Mr. Auld: They told us what it was going to be and that is when we set up the flooding areas so we wouldn't be selling to people land that was going to be flooded by the operation of their dam. Is that correct?

Mr. Burgar: Yes.

Mr. Bolan: What are these directions going out by the surveyor general to the federal government, telling them what the elevation is going to be?

Hon. Mr. Auld: It is the other way round. They have set the level and we are informing them that as a result of that level we will not be selling to people land below a certain elevation. Otherwise, they would be flooded and the feds, I guess, would be liable.

I was reading up on this at the time when the concern was should they work on the dam and shove some more water down the French River and what was going to happen below there.

Mr. Bolan: On that question—this is to Mr. Burgar—in your conference which took place in March with various people, was the federal Department of Public Works also included?

Mr. Burgar: Yes, they were.

Mr. Bolan: At least the three of us, and I am sure the minister and the deputy, are familiar with the two sets of dams which control the flow out of Lake Nipissing. I shouldn't say two sets of dams; there is the one that was built in the natural course of water and then there is the artificial one built alongside it back around 1950 or 1951.

In the month of March—and I will refer to the natural dam as the one being in the natural course of water—was it open to full capacity? Do you have any information on that at all?

Mr. Ringham: We haven't got that specific information with us right now, but we could get it for you.

Mr. Bolan: Was the information about the level of Lake Nipissing at any time passed on to Ontario Hydro to apprise them of the fact that you were concerned about the water level of Lake Nipissing and the Sturgeon River and that efforts should be made to draw as much water as possible from the reservoirs of the Hydro dams? Was any communication like that sent to Hydro?

Mr. Burgar: Ontario Hydro, ourselves, the federal Department of Public Works and the North Bay-Mattawa Conservation Authority were all involved in these calls.

I saw the information you are talking about displayed at a meeting, tracing it through the month or two from freeze-up. So the information was available to all groups. Whatever information each group had was available to all others. Whether or not any made any suggestion about drawing down or letting out, I couldn't say. But the information that each group had was available to all in this group.

Mr. Bolan: Are you familiar with any request having been made to Hydro to draw down the water in the reservoirs? Do you think it would have been sensible for Hydro to draw down the waters of the reservoir, in view of your concern about the level of water in Lake Nipissing and the flow of the Sturgeon River?

Mr. Burgar: In attempting to answer the question, judging from the one meeting I attended with the groups, I think the best I could say was there was a very real concern on the part of all the people that they would each work, as well as they could, to reduce whatever impact of flooding there was.

If your question specifically is did the Ministry of Natural Resources request Hydro to draw down some of the reservoirs, I suspect the answer is no, but I can't say for sure.

Mr. Bolan: Hydro was included in these groups?

Mr. Burgar: Yes, Hydro was included throughout all the discussions and knew what the information was.

Mr. Bolan: Just what role did they play in these meetings anyway? They are concerned about generating hydro, obviously. It has been quite well explained today that their role in society is to generate hydro, although somebody has mentioned that they do go out of their way to try to prevent floods. But they are still really there to generate hydro. Just what role were they playing in these meetings? Were they saying, for example, "Look, we can draw down five or 10 more feet," or something like that?

Mr. Ringham: Just a general comment. During what you might call the spring conditions, before the flood and the conference calls, as you are aware, sir, there was a rapid change in weather that increased the flows and on the 24th some flooding was experienced in the town of Field. But basically at the time of that conference call on the 24th both the Hydro and Department of Public Works representatives expressed the opinion that the flows had peaked, while as you know they hadn't peaked. I can't say definitely that our people said, "Draw down some more."

Mr. Bolan: That was on April 24?

Mr. Ringham: It was on April 24 that there was a conference call with Hydro and Department of Public Works representatives.

Mr. Bolan: They were of the opinion it had peaked?

Mr. Ringham: They expressed the opinion that the flows had peaked.

Mr. Bolan: Let me ask you this question. How can an obvious error like that be prevented from happening again?

That is, frankly, a most astounding conclusion. I am glad to see MNR is not involved in that. I am glad to see it was not your opinion that it had peaked. It really astounds me to hear that of these two bodies, which for all intents and purposes effectively control that watershed.

Let's face it. It's Hydro and the federal government who effectively control the watershed. How can this thing be prevented? [5:00]

Mr. Burgar: Very quickly, it seems to me, we are taking two steps that we hope will overcome that particular problem.

First, we are adding a data collection platform, which is a water-measuring device, on the upper reaches of the Sturgeon River this year.

We are, under the Canada-Ontario flood-damage reduction program, conducting a study of the whole Sturgeon River-Lake Nipissing watersheds. The study is designed to tell us what needs to be done to overcome the problems we ran into this year. We're taking those two steps immediately. I think we share the same concern that you do, that we were told the water had peaked and obviously it hadn't, so we required additional information to start with.

Those two things are going on now, hopefully, to overcome the problem.

Mr. Bolan: I'm glad to hear that and I'll have more to say about the nature of the study which is going on as compared to an

inquiry. However, I'll get on to that later on. What information or what data would Public Works and Hydro have at their disposal to come to the conclusion that it had peaked?

Mr. Bugar: The statement you found rather astonishing, technically speaking, would have been correct had normal conditions prevailed for that time of year. The normal conditions one would expect would have resulted in the water that was then flowing being the peak condition. What transpired was the unnatural high temperature and high rainfall that threw the normal conditions out of whack.

Mr. Bolan: Didn't that take place before that meeting? Didn't the two or three days of intense heat and two or three days of rain take place before the 24th? Wasn't that before that?

Mr. Bugar: Let me just find that out if I can.

The information that we have is that on April 24, 25 and 26, the top of the watershed, the north end of the watershed, experienced heavy rains and high temperatures, which in essence was after, if you will, the opinion that the stream had peaked. Immediately after that, you got the unnatural conditions which resulted in the heavier water-flow.

Mr. Bolan: When did they change their opinion?

Mr. Bugar: I hope somebody's got the right answer.

Mr. Bolan: You've got these conferences going on all the time, okay? On April 24th they say that it's peaked. When did they change their minds and say that it hadn't peaked?

Mr. Bugar: I don't think I can answer that question. It takes some while for the water that both melted and fell as rainfall to get down the river. Presumably, the April 24 water would come down first, and when that didn't start going down I think that was when people became worried. Normally, it would come down in a surge and then the level would fall, but it came down in a surge and the level didn't fall. I can't give you the date of that.

Mr. Bolan: Is it fair to say that everybody was relying—and not without reason—on the annual type of pattern which had developed, the data which had been collected over a number of years? In other words, you have certain conditions, then you have your peak and you were at the start of the pattern. Is it fair to say that?

Mr. Bugar: Yes, it was following the normal pattern up until April 24.

Mr. Bolan: As you know, the water control advisory board of the North Bay-Mattawa Conservation Authority played a significant role in this whole program. They were very instrumental in informing the public as to the various developments which were taking place. There is a recommendation which was made by the water control and engineering advisory board. This recommendation was made on September 26. It stated:

"In view of the fact that Lake Nipissing has flooded numerous times in the period of record, causing extensive property damage, we request the Ontario government to appoint a flood review committee to review the events leading up to the spring 1979 flooding, the CORTS records of management and control of Lake Nipissing watershed and to make recommendations for improvements to the lake-level management and flood-response systems."

I understand that there is a joint provincial-federal—it's not a committee, it's not an inquiry body; what would you call it?

Mr. Bugar: We're part of it.

Mr. Bolan: Then you should know.

Mr. Bugar: It's called the Canada-Ontario flood-damage reduction program steering committee.

Mr. Bolan: Is that what it is?

Mr. Bugar: That's the federal-provincial committee that directs the operations of the flood-damage reduction program.

Mr. Bolan: Is this the four-man joint federal-provincial committee which is investigating the 1979 spring flooding of Lake Nipissing? Is that right? Is that the body of which you're a member?

Mr. Bugar: Yes, sir, that's the one.

Mr. Bolan: I understand that the purpose of this is not to find out what causes the flooding but rather, as you say here—I hope they quoted you properly in the North Bay Nugget, often they don't; at least they often don't quote me properly, even though my wife is one of the editors.

"It's a technical study of waterflows, possible blockages and loss potentials," said R. J. Bugar. Mr. Bugar, who is a member of the federal-provincial group, said departmental staff from both governments would be suggesting proposals to rectify the basic causes rather than castigating someone for them. A public inquiry under the Federal Inquiries Act would be generally aimed at

establishing malfeasance — wrongdoing — by somebody or some group.”

Who are the other members with you on this committee?

Mr. Bugar: The other members of the committee are Mr. H. Clarke and myself from the province of Ontario; Mr. Rosenberg and Mr. T. Clarke from the federal government.

Mr. Bolan: What branch of the federal government is it? Is it Public Works?

Mr. Bugar: No, sir. I think the federal members both work for Environment Canada. Mr. Clarke and myself both work for the Ministry of Natural Resources.

Mr. Bolan: That's not Joe Clark?

Mr. Bugar: No, it's a different one.

Mr. Bolan: What I'm concerned about—and I say this again with the greatest of respect—is that it may be a self-serving group, a self-serving committee which seeks not to castigate anyone. When the province of Ontario has to cough up millions of dollars if somebody is to be castigated it should be done. I'm just wondering if, in your investigations, many of the things may very well be passed over—Hydro for example.

Mr. Bugar: If I may, we have commissioned a study which will be done by consultants to study the water system of that watershed with a view to recommending how man, if you will, may interfere to reduce the adverse effects of flooding. That is the purpose of the consultants' report part of which we will be receiving hopefully before next spring and then completely by the end of next year.

Mr. Bolan: It is a three-phase study, I understand. Is your committee going to do more than read the consultant's report? Are you going to hold some hearings?

Mr. Bugar: We have set up tentative terms of reference for consultants. We have invited consultants to bid on it. We will firm up the terms of reference with input from people in the North Bay-Sturgeon River area. When the terms of reference have been firmed up and meet the needs of the people resident in the area, we will sign a contract with the consultants.

A public advisory committee composed of citizens from various groups will be attached to the consultants for the duration of the study. We also plan to hold at least three public meetings in the area during the course of the study.

Mr. Bolan: Does your ministry control a dam, which is on the Red Cedar Lake, south of Temagami? Or is it Hydro again?

Mr. Bugar: I can check that for certain, but we believe the Red Creek dam is a Hydro dam.

Mr. Bolan: I see. Again, does your ministry have any control over the level of water in that lake, which is affected by that dam?

Mr. Bugar: The upper level of the water, you mean, or how far down it goes? The ministry will grant to Hydro what are called flooding rights behind the dam, which will allow Hydro then to fill behind their dam.

Mr. Bolan: Up to that level?

Mr. Bugar: Yes. So in that sense we would control the upper level.

Mr. Bolan: What about the lower level? What about the lake below the dam?

Mr. Bugar: Oh I am sorry—

Mr. Bolan: I mean, you have two lakes and you have a dam in between—you have the water system and you have the dam in between. You say you give a licence to Hydro to control the water behind the dam; what happens to the water in front of the dam? Does anybody control that, or is that left to Hydro's discretion?

Mr. Bugar: Normally the control we put on flooding rights is on the upper level and the lower level.

Mr. Bolan: I have a series of pictures here which were taken from the lower level. It is a camp called Island Lake Camp. It is on Island Lake, which is south of Red Cedar Lake. There is a dam in between. These people have experienced floodings in 1976, 1978, and 1979. I have two photographs here which show the camp and boats under summer conditions—I am going to pass them on for you to examine, Mr. Minister, as well as three photographs which show the conditions of the camp and the boats after Hydro had indiscriminately exercised its flooding rights. I think the pictures will speak for themselves.

Hon. Mr. Auld: Would this be on the area coming down from Temagami, just on the south side of the lake?

Mr. Bolan: That's right.

Mr. Wildman: Does MNR have agreements with Hydro on each dam that they are operating concerning top water levels and low water levels?

[5:15]

Hon. Mr. Auld: I may say that at that time the water was going right over the top of the dam.

Mr. Bolan: That was three years ago.

Hon. Mr. Auld: This year it was going right over the top and the big worry was that it might get around the dam.

Mr. Wildman: May I ask one supplementary? When you were responding to me I don't think you indicated whether or not you are going to include the Mississagi and the Goulais River in your flood-plain mapping and flood-damage reduction program for 1980. You said you were going to apply for it. You tell me when you will know whether it is going to be entered or not?

Mr. Burgar: The formal procedure is a municipality could make application to have it done and it would be considered by the steering committee. Assuming we get an application, there's no reason why it wouldn't be done.

Mr. Wildman: You will probably get one as a result of the meeting we're having next week in Iron Bridge?

Mr. Burgar: We're anticipating that.

Mr. Wildman: But what about Goulais where there's no municipality? As you probably know, there was almost another flood on the Goulais River a few weeks ago.

Mr. Burgar: There are still some procedures we have to work out regarding unorganized areas and how we get them involved in this program. We have not worked out the details of those procedures yet.

Mr. Wildman: I would appreciate it if you would let me know when you have done that.

Mr. G. I. Miller: My questions are probably in the same vein as those of the member for Algoma and what we were discussing a few minutes ago.

One is on the Grand River and how it affects the town of Dunnville and the small municipality of Port Maitland.

First of all, I would like to discuss the Dunnville situation. The Grand River Conservation Authority were making a study on the environmental issues and the water level effects of the Dunnville dam. They came back with five proposals. The council decided they would keep the dam with a lock installed in one of the weirs so small boats could navigate the river above the dam and a fish ladder would be put in.

The one problem that still hasn't been resolved is the water level and the building to that water level. At the present time buildings have to be built on stilts, you might say, and it has caused a lot of confusion in the construction of new homes.

I wonder if you could give a report on that at this time. I don't know whether you have people with that expertise here.

Hon. Mr. Auld: Are you talking about the flood-plain mapping?

Mr. G. I. Miller: The flood-plain mapping, yes. It seems the flood-plain mapping has set a level that is extremely high.

Hon. Mr. Auld: There has been a very lengthy reassessment of the flood-plain criteria in Ontario—it relates to the whole province but its greatest application is probably in southwestern Ontario where it's relatively flat. There is a proposal for some change and provisions for special policy areas which I think would relate to that area; there are half a dozen areas I can think of.

Those criteria are to go to the provincial-municipal liaison committee in the near future. There has been input from municipalities, from conservation authorities and from Housing in terms of planning. It's been a very thorough review and it will probably alter the criteria somewhat.

For instance, in areas where you might have water in somebody's basement once every 50 years on average, where windows are at ground level, if they put them a little higher—in other words, if they floodproof the basement—structures could be built there because the water level would probably only be an inch above normal. The current would not be severe because of the gradual slope and the big turn in the normal course of the river.

Further than that, not being familiar with the specific area I can't tell you what changes might take place in the present flood-plain designation. Between remedial works and some floodproofing we may solve some of those problems in the very flat parts of the province. Is that roughly the situation?

Mr. G. I. Miller: It is within about six miles of the mouth of the Grand River and the river is wide at that point. I don't think there has been serious flooding here in the last 50 years. In my time they haven't had a serious problem. They have established dams at the upper end of the river to control the runoff and it seems they have established an excessively high flood level. They built condominiums along the river with a garage underneath and it's maybe eight feet to the first level.

I think there has to be a happy medium. I noticed an editorial in the Dunnville Chronicle, which I'm looking at now. It appears they haven't resolved the high water-level situation.

Could the minister and conservation authorities make that a priority? If so, that would stimulate growth without so much red tape and it would be a little more practical.

Hon. Mr. Auld: As I say, I hope we could discuss it at either the November or December meeting of the provincial-municipal liaison committee. The November meeting is, I think, a week on Friday. Because there are some other things involved I'm not sure we'll get it there then, but if we don't it will be brought up at the December meeting. What we're doing is basing the standard criteria on either the 100-year flood or the regional storm, whichever is the higher—

Mr. G. I. Miller: Hurricane Hazel. I was just asked—

Hon. Mr. Auld: —with special areas where the contours of the land are such that one inch or even a foot of flooding can be handled.

Mr. G. I. Miller: You seem to make sense. I do appreciate the efforts of the Grand River Conservation Authority and ministry in regard to fixing the weirs and approving the dam at Dunnville which will eventually make the river navigable.

The other problem at Port Maitland is not caused by the Grand River but by high water levels on the lake. We have had two floodings since 1975. These floods, which damaged 20 homes in Port Maitland, were caused by water backing up in a relatively short period of time, in a few hours. The ministry is aware of it, they have looked at it and have had several meetings on it this summer. Can the minister report on it now?

Hon. Mr. Auld: First of all, we don't control the Great Lakes. That's really under the authority of the International Joint Commission, the Lake of the Woods Control Board, and the Lake Superior board. Lake Erie is one of the big problems, it's relatively shallow but subject to high winds and it possesses a pretty flat shoreline.

Bob, is there anything you want to say in connection with the specific problem Mr. Miller is interested in?

Mr. Burgar: Specifically with regard to Port Maitland?

Hon. Mr. Auld: Yes.

Mr. Burgar: I don't know offhand. I would have to find out what progress has been made in the discussions, if any.

Mr. G. I. Miller: I would just like to read that portion from the Dunnville Chronicle which was—

Interjection.

Mr. G. I. Miller: —dated October 17. It refers to the ministry and that they haven't yet met with the action group which was formed at Port Maitland to come up with a

solution to the problem. I realize this is partially federal but it is within the Grand River watershed which would come under the direction of your ministry and the conservation authority.

Hon. Mr. Auld: The real problem of course is if the lake is high the water in the Grand River won't flow out quite so rapidly.

Mr. G. I. Miller: No. It was three in the morning; the wind was blowing in a direction which raised the water level eight feet and it flooded one home to a depth of two feet above the livingroom floor.

It was the home of Mr. and Mrs. Armond Grant, an elderly couple in their seventies. They have raised the walls of their home and built it up, but it isn't high enough. They had two feet of water in the livingroom portion of their home. The garage at the side filled with water. When the wind went down at nine o'clock in the morning, the water level went down with such force it took the door off the garage—the garage was full of water, I think there was six feet in there—and pushed the building off its foundation. It's the force of wind that is holding the water level up and when the wind drops it goes out again.

I don't think it's a problem that can be resolved tomorrow but proper planning and diking could be an answer. Maybe the buildings that are permitted should be raised above that level.

Mr. Walton, from your ministry, was down to speak to the group and he indicated that while they wanted to preserve the history and keep the historical value, there was no provincial assistance for that. Yet he showed two films made on oral presentation which indicated that in the Wasaga Beach and Georgian Bay areas they had approved and justified spending money on a similar project. There was more than a little dissatisfaction with that opinion.

I don't want to point a fat finger at any particular individual because we have had a good relationship here and the minister has done a considerable amount of work, but I think the area deserves some further consideration and a program for protecting and improving the area.

Hon. Mr. Auld: I'm not aware of any high water protection measures that have been taken at Wasaga Beach. I know that some years when the water is high there isn't very much beach; in other years when the water is low there's a lot of beach because it has a very gentle slope.

[5:30]

Mr. G. I. Miller: Mr. Chairman, what I'll do is cut the story out of the paper so that the minister gets the total picture and maybe he can respond with an answer. I'll send it to him and he can review it.

My concern is the town has been flooded twice since 1975 and was partially flooded a third time. While the water retreats quickly, there has to be a long-term resolution of the problem. It is an old, historical town and there is a lot of potential there. The Scott Misener Shipping Company is possibly coming in with a proposal to develop the lower Grand and maybe the two things going together can resolve the problem and improve the community.

Hon. Mr. Auld: We will see what has transpired. Dikes have been built on some parts of the shore of Lake Erie and on some of the lower areas over the years. The problem is if you build a dike and you get a lot of rain then you have flooding on the land side of the dike unless you have pumps. There are a number of townships west of there in Kent and I can't give the names—Dover township would be one. But in the municipalities in Kent and Essex, by a local improvement the farmers whose land is protected by the dikes pay for the cost of the maintenance and the running of the pump. That's the difficulty when you build a dike on those flat areas. You have to be able to get the water out.

This year, of course, Lake Erie is a little higher than normal. We are alerting people that under certain weather conditions, with some heavy rain and a high wind, we could have some problems there this fall.

I will pursue that and see what I can let you know about it.

Mr. Foster: There are two programs that might be of interest. There is a special emergency assistance arrangement between municipalities and the Ministry of Intergovernmental Affairs where costs are shared 80-20 if a municipality wishes to undertake protection works to deal with their municipal responsibilities with respect to flooding. There is also the Shoreline Property Assistance Act where funds are loaned to a municipality at the rate of eight per cent for lending to individuals who wish to do things on their own. Those are the only two mechanisms that presently exist that we know of.

Mr. G. I. Miller: Is there not the OHRP program for elderly citizens, with an income factor? I think there is one program for improvements and that's with the Ministry of Intergovernmental Affairs.

What about the program that was mentioned for northern Ontario involving the

feds and the province? It was a three-way split. Did you mention that?

Mr. Wildman: No, that was Nipissing.

Mr. G. I. Miller: Nipissing? Oh, the Canada-Ontario flood-damage reduction program. That's federal-provincial.

Mr. Foster: There are no funds available under that program as far as we are aware. There isn't much money there.

Mr. G. I. Miller: I'll send you the material I have and I think you've had correspondence from the people and from the municipality asking what assistance is available. I am making you aware of it, Mr. Minister, so I hope we can come up with an answer that maybe in the long term, will resolve the problem.

Mr. Van Horne: I want to direct some comments to the minister and his staff. I have two areas of concern. One is the Glengowan dam proposal and the other is the broader issue of the disaster relief fund as suggested by our leader last April.

First of all, in so far as the Glengowan proposal is concerned I would have to submit to you, Mr. Minister, that you and/or your ministry have succeeded in confusing the citizens of London and one has only to look at the many press clippings I have to get evidence of that.

Beyond that, you have succeeded in frustrating our city council with the communications between yourself and them, having them appear to be at odds with yourselves over the last few years.

Perhaps before I go on any further I should submit to you a third criticism and that is, I think your ministry has succeeded in straining the relationship between the council and the UTRCA more than I have ever seen it strained in my experience as a provincial or municipal politician. As an aside, I point out, I was chairman of the conservation valley land committee of our city for four years. During that period of time, as chairman, and during another two years when I sat as a committee member, I had the distinct impression there was a very good working relationship between UTRCA, city council and the PUC. However, the events of the last year, particularly the last half year, have strained that relationship needlessly.

The proposal for the Glengowan dam goes back to 1946. If one speaks in the broad prospect of the world or time, from the days of King Tut to now, I suppose 33 years isn't that long a period of time but it can be, given the circumstance the city has had to contend with, as most municipalities across the province had to contend with—that is

growth following the Second World War. This proposal was first brought on stream, according to press clippings and other information I have, in 1946. As of 1952 it was considered a legitimate project.

Be it right or wrong, in the eyes of many people it was something that was more than just a wild dream down the road. It was something that had to be considered pretty thoroughly and pretty carefully around that time, 1952. So, from 1946 to 1952 was one span of time; from then on another broad span of time. The point is, for many years a lot of people, not just in the community of London proper but in the communities on the branches of the Thames, particularly the north branch of the Thames, which feeds in through the Thames system, have been concerned about this and what might happen. Of course, Fanshawe was a part of it too.

There is the suggestion in your recent correspondence and the correspondence from your parliamentary assistant that this is no longer a project *per se*, but merely an alternative—and I believe that is the wording used in some of the correspondence from August, September, and October—that the dam itself is not a fait accompli. We all know there is an environmental impact study going on and that this is just an alternative being considered.

So, all of a sudden it would seem, if one were talking in a romantic sense, perhaps the ministry could be sued for breach of contract. If you were in this long engagement process with the city, it would seem as though you had almost broken it off. That is the unfortunate feeling some of them have.

Hon. Mr. Auld: The engagement ring is the environmental assessment, which is about \$650,000, of which we are paying 75 per cent.

Mr. Van Horne: I am aware of that, but if you want to talk about money, let's take a look at the other side of the coin; that is a funding structure seemed to be in existence in 1977 but the rules have changed apparently.

As I understand it, and correct me if I am wrong, the city would like to know if the dam proposal does go forward, what financing formula would be used. Aside from all the verbiage we have here, the copies of letters I have sent to you, you have sent to me, the mayor has sent to me, and so on, when you boil it down it comes to a simple question: What is the formula going to be? That is what the city wants to know. In the light of the responses they've been given, it would seem that you're not willing or able

to give them a direct answer. That's the sort of thing that's appearing almost daily in the pages of their papers.

As I said in the beginning, it's confusing to the ratepayers and those people outside of the city, too. The London Free Press is a fairly widely read paper, as you know.

Beyond that you're straining the relationship. As far as relations are concerned between your ministry and the city of London's council, I would say that you are at rock bottom. I offer this as a constructive suggestion, hopeful that someone on your staff will take the time to get together with council and come to some common understanding, at least about your language. That would seem to be part of the trouble.

You're talking English but in two different tongues, it would seem. I don't think that the—

Hon. Mr. Auld: I hope always politely.

Mr. Van Horne: I'm not questioning the politeness. You have always been polite with me.

Mr. Wildman: Wonderful.

Mr. Van Horne: I'm sure that's something that filters down through your ministry. That's not the issue. I think they would like to have a better understanding of just where they might be going with funding.

Keep in mind too they have a 1982 deadline of sorts; i.e. their projection for their present sewage treatment plant and the building that's going on in the community, both residential single-family and the commercial and industrial beyond that. All signs the city has in front of it indicate that 1982 is, if I can use the play on words, a high-water mark for the capacity of the treatment plant we have.

That ties in with a criticism I passed on to the Minister of the Environment (Mr. Parrott) last week. While asking him what his ministry was doing to assist the city with an evaluation of the plant and some of its problems, I asked had he communicated with you or did he have copies of the correspondence that you have had with the city on Glengowan dam. His answer was no.

I perceive the two of you to be almost Siamese twins really, in so far as the needs of the city of London are concerned. I think the two of you—or at least your staffs—have to work very, very closely because I don't see how we can operate separately on the Glengowan dam project or something like it. Wherever it goes or whatever it is that has to be done for our community, it's going to involve the two ministries.

With 1982 not that far away, given the germination of this, if you will, from 1946, we're heading down to the wire. Something's got to be done. We understand the environmental impact study won't be done until some time in 1981. You see the kind of crunch that puts the city in.

I had better stop and let you respond to that before I get to the other business of the disaster relief fund. This is a serious problem in our community and it's one I would implore you to look at now.

Hon. Mr. Auld: I was in the Ministry of the Environment in 1971 and 1972 when the city was talking about the sewage treatment plant, the outfall into the Grand and the location of the plant. It was tied in with the planning process, as I recall, of commercial and residential areas. It took some time for the city to sort that out, and as I recall—and I wouldn't want to swear to this—Environment at that time approved of some development which was going to put a heavy load on the system but would be solved by the additional capacity of the system. It related to the design of the system, because the dilution of the effluent was based on stream augmentation by a dam in the summer. It seems to me there was some delay at the other end. I know the Ministry of the Environment is aware of what is going on, because it seems to me the plan which the city had approved was based on additional flow in the summer.

[5:45]

We're talking about at least a \$22 million project. The concern of the city, of course, is had this been undertaken prior to 1977, the province would have paid 100 per cent of everything over \$30,000 or something. Now it can be as low as 50 per cent. It can be more, depending on the decision of the Ministry of Natural Resources, and having the funds available, of course.

I have indicated that I'm not prepared to say what the grant might be at this time. Officially, since the project is not under way, it would fall in the category of 50 per cent or something more than that, rather than the original formula which has been changed, which now applies to other projects which are going on.

Mr. Van Horne: Could I interrupt and ask, were you that candid when you and the Premier (Mr. Davis) met with the mayor in the spring of this year?

Hon. Mr. Auld: Yes, I think so. I said I couldn't make a commitment because it would depend, first of all, on the cost. It would probably depend to some degree on

what came out of the environmental assessment. I didn't want to do anything that might prejudice the environmental assessment which will, among other things, look at the amount of land which is going to be required for the reservoir, a major part of that project.

I remember that meeting. I don't remember it verbatim, but I think I gave practically the same explanation as I've given.

Mr. Van Horne: In the light of that and your letter of October 4, where you make this statement, "Our earlier comments related to withdrawal of supplementary grants on the project and were not a reflection of existing anticipated government policy," perhaps you could—

Hon. Mr. Auld: It could be 50 per cent, but it could be more, which would be a supplementary grant.

Mr. Van Horne: You didn't elaborate on it in this letter.

Has anyone in your ministry contacted the city between that time and now to get them—

Hon. Mr. Auld: When the change was made in the grant system all the authorities were made aware of this. I would assume that since the authorities worked closely with the municipalities they would have been aware of it. It was spelled out fairly clearly. I don't have a copy of it. It must have been three or four years ago.

Mr. Foulds: Could I interrupt? I'm not sure of the procedure, Mr. Chairman, but I don't think there's a bell for the House for a private members' vote.

An hon. member: There is a vote.

Mr. Foulds: Perhaps we should adjourn so we can vote in the House.

Mr. Chairman: If there's not a bell I'd presume it's getting close to the time when we should be there. We're on item 1 of vote 2502. We'll meet next on Tuesday night. In the event that we make real progress, would it be possible to leave vote 2503, item 3, the St. Lawrence Parks Commission, over till Wednesday morning because they've got to get personnel in here from Morrisburg?

Hon. Mr. Auld: If we don't make very much progress, could we still deal with it on Wednesday morning so they can—

Mr. Foulds: I wonder if we could just take 10 minutes of the beginning of the next sitting to lay our cards on the table about what items we want to deal with. We only have seven hours and maybe we could honestly say which—

Mr. Chairman: In the land management program, we're just at water control and engi-

neering. There's a lot—forest protection; air service; extra firefighting; resource access—

Mr. Foulds: They're the two biggest classifications:

Mr. Chairman: —land and water classification; land, water and mineral title administra-

tion; and conservation authorities. These are all important subjects.

Mr. Foulds: Maybe we could take 10 or 15 minutes at the beginning of Tuesday night to sort out times for the second vote.

The committee adjourned at 5:51 p.m.

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From the Ministry of Natural Resources:

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No. R-27

Legislature of Ontario Debates

Official Report (Hansard)

Resources Development Committee

Estimates, Ministry of Natural Resources



Third Session, 31st Parliament

Tuesday, November 13, 1979

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

TUESDAY, NOVEMBER 13, 1979

The committee met at 8:07 p.m. in committee room 1.

ESTIMATES, MINISTRY OF NATURAL RESOURCES

(continued)

On vote 2502, land management program; item 1, water control and engineering:

Mr. Chairman: I'll call the meeting to order. I see all groups represented. We were last on vote 2502, item 1. Any more discussion on water control and engineering?

Mr. Foulds: On a point of order: I thought we indicated at the close of the last session—at least I thought there was some consensus—that we'd try to indicate where we would be by what time so we could get certain votes completed. We have been spending a considerable amount of time on the first couple of votes.

I don't know how the rest of the committee feels, but I feel we should try to at least get to vote 2504. I was wondering if we could aim for that and discipline ourselves—I would certainly be willing to do that myself—so that we could get to vote 2504 by tomorrow morning. That would still leave us only about four and a half hours for the last two major votes.

Mr. Chairman: We've made arrangements for some personnel to be here for vote 2503, item 3, the St. Lawrence Parks Commission, tomorrow morning.

Mr. Foulds: Maybe if we just aimed to get that far—

Mr. Chairman: That's up to the committee members.

Mr. Lane: I had some points I wanted to raise in this vote. I assume they come under either item 6 or item 7 of this vote.

Mr. Chairman: Any more discussion under item 1?

Mr. Gaunt: Just before we leave that, I have one matter under vote 2502 and one matter under vote 2503. I know that others do have some discussion on the various items.

Mr. T. P. Reid: Where do we talk about crown lands?

Mr. Foulds: Vote 2504.

Mr. Chairman: You're a long way off. You're a week ahead of time.

Item 1 agreed to.

On item 2, forest protection:

Mr. Gaunt: I anticipated the matter I wanted to deal with would come under item 7. It's in relation to possessory title problems between some people who feel they own some land and the ministry which claims it's crown land. The deputy minister is aware of the problem, and I want to pursue it for a moment if I may. But I think it would be more appropriate under item 7, would it not?

Mr. Chairman: That's right.

Item 2 agreed to.

On item 3, air service:

Mr. T. P. Reid: I always like to ask a question about money. There is less than \$4 million under this vote for air service, which surprises me somewhat. Can we get a better breakdown of what that money is being spent on? Obviously it can't include any capital costs for aircraft. I ask that rhetorically. I presume it doesn't include any costs for aircraft. If it does, I'd like to know what that capital cost is.

Also, what wages and salaries are we paying pilots in the provincial air service?

Hon. Mr. Auld: I wonder if Mr. Spry could answer. Do you have that material with you, Doug?

Mr. Spry: I think Mr. Ringham might have more information.

Mr. Ringham: The wages for pilots depend on qualifications. We have IFR classified pilots; I can't give you a specific wage, but the salary range would be between \$18,000 and \$24,000, somewhere in there.

Mr. T. P. Reid: Does that include overtime wages, is that a straight monthly salary, or is it broken down by hours?

Mr. Ringham: No, That's an annual salary.

Mr. T. P. Reid: Are they paid overtime?

Mr. Ringham: To compensate the pilots for the irregular working hours or days, we have an arrangement with the Ontario Public Service Employees' Union whereby they get an extra week's holidays per year.

Mr. T. P. Reid: One week's holidays?

Mr. Ringham: Yes.

Mr. T. P. Reid: As I indicated, I'm presuming under this vote there is no capital cost for aircraft.

Mr. Ringham: There's no capital cost in the vote.

Mr. T. P. Reid: Where do those costs come, if I may ask—for aircraft maintenance and that sort of thing?

Mr. Ringham: The maintenance, of course, and services, supplies, equipment and that type of thing, is in there. The actual capital costs are not shown there.

Mr. T. P. Reid: Do you have any idea where that falls?

Mr. Ringham: I haven't. I'd have to get that information.

Mr. T. P. Reid: If I could go back one step, the \$18,000 a year for a pilot, I presume, is at the top of the range?

Mr. Ringham: No, I think that is the lower end. We have the straight pilot on base. Then we have a regional pilot. Then we have IFR classified pilots. They are licensed to fly by instruments.

Mr. T. P. Reid: What would they be earning, \$20,000 or \$22,000?

Mr. Ringham: Somewhere in there.

Mr. T. P. Reid: Just one other question: How does that compare with people flying for air services, so-called bush operations?

Mr. Ringham: It would be difficult to compare our wages with those of bush operators, mainly because there are so many different ways in which they pay their employees. They have basic minimum wages plus mileage rates. They have various kinds of bonuses. If you could give me a specific operator, I could find that out for you.

Mr. T. P. Reid: Is it considered a fairly decent wage, though, for what they do?

Mr. Ringham: We have lots of applicants wanting to fly with us; so I assume our wages are competitive.

[8:15]

Dr. Reynolds: Perhaps just a word on the capital account might be useful. There are no proposals in the estimates being discussed for any capital acquisitions. If an aircraft were being bought, funds would have to be provided but they would wind up in this vote. But in the year under discussion, no capital expenditures were anticipated.

Mr. T. P. Reid: It just strikes me as somewhat strange when I see that under transportation and communication, and services, whatever that means—this is a problem we

have had with the estimates—those of us who have been around aircraft know the amount of maintenance and replacement cost and everything else. It seems relatively small compared to the fleet—what have we got now, 42 aircraft?

Mr. Ringham: We have 42 aircraft that have certificates of airworthiness. We have two trackers which have been grounded because of corrosion.

Mr. T. P. Reid: It just seems a relatively low figure. I am presuming as well that under air service this vote does not include the contract firefighting or the contract fire detection. That expense presumably would come under forest protection?

Mr. Ringham: Yes.

Dr. Reynolds: Do you have the breakdown we provided to all the members?

Mr. T. P. Reid: I have something here.

Dr. Reynolds: For instance, the salary and wages portion was \$2,013,000, employee benefits \$325,000, and transportation and communication \$140,000.

Mr. T. P. Reid: Services \$556,000, and supplies and equipment \$942,000. That doesn't mean a heck of a lot to anybody.

Mr. Ringham: The supplies and services would cover the purchase of parts and the type of thing the member was referring to.

Mr. T. P. Reid: That seems relatively cheap on which to run an air service of 42 airplanes. That is my only comment. We are not always that efficient.

Mr. Lane: That's good management.

Mr. T. P. Reid: A good assistant deputy minister.

Item 3 agreed to.

Item 4 agreed to.

On item 5, resource access:

Mr. T. P. Reid: Could someone explain what this means?

Hon. Mr. Auld: If you look at page 18 there is the breakdown: forest logging access roads, crown land subdivision roads—roads, roads, roads and roads.

Mr. T. P. Reid: Which page 18 are you talking about?

Hon. Mr. Auld: In your background—

Mr. T. P. Reid: I haven't got that one. Presumably only the official critics have it.

Hon. Mr. Auld: Quite a number went to each caucus.

Mr. T. P. Reid: Could I ask a question? I don't know whether it is appropriate at this place or not, but when the ministry builds its roads into subdivisions, does the ministry

have to get approval from the Ministry of Housing for the subdivision?

Hon. Mr. Auld: I don't think so.

Mr. T. P. Reid: Do you have to go through all the stuff the private developers go through? I don't believe you do, because we wouldn't have any crown lots at all for sale in the province if you did.

Hon. Mr. Auld: As I understand it, we go through the same exercise as a municipality would.

Mr. T. P. Reid: But not the same exercise as a private developer would. I must say, I have a private axe to grind on this one. I just don't believe that—

Hon. Mr. Auld: We go through internally what the private developer does, and then the submission is made to Housing. I suppose they make left turns into right turns and one thing and another.

Mr. T. P. Reid: I find that difficult to believe. How long does it take for you to get a subdivision through, Mr. Minister?

Hon. Mr. Auld: Me personally?

Mr. T. P. Reid: The ministry.

Hon. Mr. Auld: It varies, I know.

Mr. Ringham: Mr. Chairman, from the very preliminary start of a subdivision to the finish, I would say it would take an average of two years.

Mr. T. P. Reid: I won't put you on the spot, Mr. Minister, but surely you must agree that is ridiculous.

Hon. Mr. Auld: Compared to some other—

Mr. T. P. Reid: That apart, I agree.

Mr. Gaunt: Everything is relative.

Mr. T. P. Reid: Two years isn't bad relative to what some of the rest of us have been through, admittedly.

Hon. Mr. Auld: Of course we do them where we have no neighbours.

Mr. Ringham: Mr. Minister, I was referring to the period from the time we decide to put one in until the lots go up for sale.

Mr. Foulds: Does item 5 also have to do with access roads and your agreement with the federal government with regard to extra roads in timber development?

Hon. Mr. Auld: All forest logging access and recreation access.

Mr. Foulds: How much of that is allocated to crown lot access and how much to recreational access? Is there a breakdown? All I have are salaries, employee benefits—

Hon. Mr. Auld: In 1978-79, the estimates had \$90,000 for crown land subdivision roads and in 1979-80 there is none.

Mr. Foulds: How much of that is for timber access roads?

Hon. Mr. Auld: For forest logging access roads, in 1978-79 it was \$7.2 million, and in 1979-80 it is \$7.1 million. Construction, reconstruction and maintenance are all included in that figure.

Mr. Foulds: That is exclusive of any federal moneys?

Hon. Mr. Auld: That is inclusive of any federal money at the time the estimate was made. If there is an agreement in place, we would show in our estimates the gross, as is shown in all ministry estimates.

Mr. Foulds: Could I get a bit of clarification, then? How much of that \$7.1 million for the year almost concluded is federal money?

Hon. Mr. Auld: I couldn't say. The Department of Regional Economic Expansion agreement was signed about a year ago, but I couldn't tell you how many roads actually got constructed after that agreement was signed. I would think not very many, because it was signed in the fall and the winter is not a great construction period. Do you have a figure on that, Lew?

Mr. Ringham: In the year we are speaking of, I don't believe there are any DREE funds included in these estimates, if this is what the member is referring to. They will be in the 1979-80 estimates.

Mr. Foulds: These are 1979-80 estimates. That's this year.

Mr. Ringham: I don't think there are any DREE funds shown in this estimate. There are funds there recoverable from the Ministry of Northern Affairs on a transfer basis.

Mr. T. P. Reid: That's totally confusing.

Mr. Foulds: Yes. There are a couple of questions that spring immediately to mind. One is, why is there no money allotted for crown cottage lot development? I would assume we would get into talking about actual cottage lots on item 7. What I am driving at is that there was an impression created when the DREE agreements were signed, that there would be no lessening—

Hon. Mr. Auld: That's over a five-year period, as you know. That \$70.1 million in total and roughly \$60 million for roads and bridges—primarily for overmature timber was over a five-year period. Each operation has to be agreed to by DREE, then the work has to be done, and we recover it after we have completed it. That is my understanding.

Mr. Foulds: What I am trying to say is that I would expect there to be a substantial

increase in the amount spent on road access if you finally got some money out of the feds. I would hope there would be no lessening of commitment from the provincial budget, because one of the important aspects of the whole reforestation program we have been talking about for the last few days is not merely the replanting, the regeneration and even the seedlings and all that, but proper access to the blocks of timber.

You say the \$60 million is over a five-year period; that's still \$12 million a year. Is that all of Ontario's share? That's a straight Ontario—

Hon. Mr. Auld: It's for forest access, and it will be primarily in the north where the roads are needed. But by the time you get the design, get an estimate, get agreement from DREE and call the tenders, not very much happens in those kinds of programs until the second year. It probably doesn't really get rolling until the third, and generally it might be over two years before they are completed.

Mr. Foulds: Okay. I will accept that for the moment. Can you get back to my other question? Can you explain why there is nothing in the allotment for road access to develop crown cottage lots?

Hon. Mr. Auld: Because there are no additional roads being built. There are roads now serving areas where we could develop more cottage lots, but we haven't done so; or if we had done so, there was no need for any additional road work. In other words, you might develop a cottage lot. We would build a road into there. Perhaps we would develop 10 lots because that's what the demand was. We might be developing another 20 or 30 before that area would be filled. We would have to build a road from some place to some other place, to develop some new ones.

Mr. Foulds: I understand what you are saying. In the whole argument over and the transfer and reprivatization of cottage lots, one of the points in dispute has been price. One of the arguments given to me, and I think to your ministry people as well, is that the ministry has artificially kept up the price of lots by restricting the number of lots that come on the market. If you are not proceeding with the road program to develop those cottage lots, it would appear there's some validity in that charge.

Hon. Mr. Auld: It takes a long time for 10 cottage lots to pay for 10 miles of road. Putting it another way, it would take a lot more than 10 cottage lots to pay for 10 miles of road.

[8:30]

Mr. Foulds: But that doesn't answer my question. I am sorry; it really doesn't. There's a demand for cottage lots. Presumably there's a demand not only where you have roads now, but also where there are potential lots for which there aren't roads. What I want to know is why, in this particular year, you have decided to spend no money at all on road access to crown cottage lots. Are you going to have 600 new ones come on stream, through roads that have already been established, next year?

Hon. Mr. Auld: It could be, and I don't have the details. If we look down to number five, public transport roads, that relates to the maintenance of roads to provide access to remote communities; we have been able to establish some lots off existing roads like that, or off ministry service roads.

Mr. T. P. Reid: It really boggles the mind.

Mr. Foulds: It looks like an accounting gamesmanship is being played. I will let it go for the time being but, as the member for Rainy River (Mr. T. P. Reid) has just said, it does boggle the mind.

Mr. T. P. Reid: Could I carry on with that? Quite frankly I don't understand this. I am involved in trying to subdivide some property and we have to build up roads to the standards of the Ministry of Transportation and Communications.

As the member for Port Arthur (Mr. Foulds) has pointed out, in Atikokan they had a draw for lots. There were 13 lots and there were 165 or 166 people in that community who were applying for 13 lots. These are people who live and work in northern Ontario. This year, you are not putting any money into the program at all, whether or not you charge the money back on the price of the lots.

How are you ever going to provide anywhere near the number of lots that are required, even a half or a third, if you are not putting more money into roads which a private developer certainly would have to do if he had the property? We have already heard from the assistant deputy minister that you have to meet the same qualifications as a private developer, which means you have to provide road access to that lot if you are going to sell it—unless it's one of your remote lots.

Mr. Foulds: In fact, even at the present time a lot of them are sold with simply water access.

Dr. Reynolds: Mr. Chairman, I am sorry we don't have this sort of detail available

for tonight, I guess the answer lies in substantial part in the fact that the program we have at present is financed virtually entirely out of regional priority funds, which are not in Natural Resources votes.

If it would be helpful to answer your questions, and the earlier ones, we could have some detail for you on that tomorrow morning, including some numbers. But I believe I am correct in saying that the funds are all in the regional priorities budget of what was the Ministry of Treasury, Economics and Intergovernmental Affairs.

Mr. Foulds: Northern Affairs.

Dr. Reynolds: No, TEIGA. But we could have that for you, because it is certainly a substantial program. Last year's program was much larger than the \$90,000 in last year's vote. I think all I can do now is to offer to have that data for you for tomorrow morning's discussion if that's helpful.

Hon. Mr. Auld: It would be helpful to have the specific lake or area, because I think I am right in saying that lakes have a certain capacity. There may be a great demand for more lots on them; but, depending on the use, we hesitate to develop all the lots the market would bear, because it might interfere with the lake itself.

Mr. T. P. Reid: Let me slip another question in here on this. Does the ministry have to provide a water supply to these lots when you subdivide them? Do you have to provide water or do you just say there's a lake there and that's all that's required?

Dr. Reynolds: There are undertakings with respect to sewage disposal, but not of water supply.

Mr. T. P. Reid: That's interesting. I have only one other question, and it confuses me as well.

At the bottom of page 18 in the summary background material, it says: "Note: Included in this activity are funds from the Ministry of Northern Affairs on a recovery basis, \$8,597,400." Do you think the average person, looking at that, looks at that note? They certainly look at page 18, anyway, and see a total of \$8,361,000. They then read at the bottom there's more than that recovered from the Ministry of Northern Affairs.

Dr. Reynolds: There is \$8.6 million which is spent by Natural Resources but which really is Northern Affairs money; it's over and above what is in our vote. The \$8.6 million would appear in Northern Affairs votes, and the \$4,961,000 appears in Natural Resources votes. For the total activity, those two figures really should be put together.

Mr. T. P. Reid: You're looking at something like \$13 million?

Dr. Reynolds: Yes. This includes the crown land subdivision roads I spoke of earlier, and which I would include if the committee is agreeable. We would try to add them together to report on them tomorrow morning.

Mr. Chairman: Any more questions on item 5?

Item 5 agreed to.

On item 6, land and water classification:

Mr. T. P. Reid: Does that include the West Patricia land use study? Is that included in this vote?

Hon. Mr. Auld: I think it is. This includes, for 1979-80, \$2,345,000 for what is called land-use co-ordination; that includes salaries and expenses relating to developing provincial and regional land-use plans and programs, lake plans for cottage lot production, environmental assessments, reviewing official and private sector plans, and participation in interministerial and municipal land-use planning. A good deal of that is in southern Ontario.

Mr. T. P. Reid: When is the West Patricia land-use study to be completed?

Hon. Mr. Auld: April 1, 1981, is my recollection.

Mr. T. P. Reid: Will anything be done in regard to Great Lakes Paper Products buying out Reed and the use of that land? Will any provisions be made, as far as Great Lakes is concerned, in taking over Reed, before that study is available to the government and to the public?

Hon. Mr. Auld: Perhaps what I should do is reread the letter I wrote to Mr. Kerr, which addresses that point.

Mr. Foulds: Why don't you table the whole thing?

Hon. Mr. Auld: It's all in Hansard, except for:

"November 5, 1979.

"Dear Mr. Kerr:

"I have your letter of November 2, respecting your company's plans and aspirations vis-à-vis Reed Limited. This is indeed an exciting concept which, if carried through, could add substantially to the social and economic improvement of northwestern Ontario."

The letter ends: "I shall be in touch with you again as soon as we have had an adequate opportunity to examine these various considerations further." I read those considerations into Hansard, and I will reread them.

Mr. T. P. Reid: No. That's fine.

Hon. Mr. Auld: "Although the forest resources inventory and the operational survey have been completed, the land-use plan for the West Patricia area has not been completed and is not scheduled for completion until April 1981. It is on the basis of this plan that land-use conflicts will have to be resolved."

Mr. T. P. Reid: We're talking about April 1981 when that study will be made public? I think you've indicated that.

Hon. Mr. Auld: I am not positive about this. I suspect parts of it may be made public beforehand to get some public reaction, and there may be some alternatives and what-not that would be available for specific areas, for instance.

My understanding is that the plan should be complete as far as recommendations from the Ministry of Natural Resources are concerned. Then it will be open to all the other questions. I'm sure there will be disagreements about—

Mr. T. P. Reid: Including the royal commission on the northern environment, no doubt, which will have something to say about this as well.

Hon. Mr. Auld: They may well have. I would be surprised if—

Mr. T. P. Reid: We'll have commissions studying studies, in other words.

Hon. Mr. Auld: I would hope they wouldn't be duplicating a study that's been done.

Mr. Foulds: I would like to try to get this clear. Are you saying there would be no assignment, either through a timber licence or through the management agreements we were discussing this afternoon in the Legislature, of any of the lands in the West Patricia district, and therefore in the Reed tract, until 1981?

Hon. Mr. Auld: What I said was what I said. That's when the land-use plan will be complete, we expect.

Mr. Foulds: But surely you wouldn't pre-empt your plan by making an assignment of an area within the planning of it before 1981?

Hon. Mr. Auld: I cannot see any reason at the moment why that time frame would change. On the other hand, if the royal commission made some major recommendation which might affect it, then perhaps it might be changed. It might take longer. I don't know that it can be speeded up a great deal, although I suppose if—

Mr. Foulds: It's not the management plan or the plan itself. What I'm asking for clarification on is whether you would take out a portion of the lands ahead of time to assign them—even to Boise Cascade.

Hon. Mr. Auld: If you go back in Hansard and read that whole letter, you will see we've covered the concerns of all the players—the natives, the other Ontarians. Mr. Fahlgren's royal commission stated to Great Lakes Forest Products that there were all these considerations regarding the additional timber supplies in that very large area of some 19,000 square miles.

Mr. Foulds: I'll leave it at that for the time being and go back and read Hansard. Maybe we'll raise it in the House.

Item 6 agreed to.

[8:45]

On item 7, land, water and mineral title administration:

Mr. Gaunt: I have a matter here I want to raise with the minister and with the officials. It concerns two applications for quit-claim letters patent on islands in Lakelet Lake, in Howick township. It's a little hamlet, Lakelet, right on Lakelet Lake.

Hon. Mr. Auld: It sounds like Hamlet ham.

Mr. T. P. Reid: Having narrowed it down—

Mr. Gaunt: Yes. In any event, these two gentlemen have been at this for about four years. It's getting to be a rather frustrating exercise for them and for the lawyer as well.

Hon. Mr. Auld: What have they been doing?

Mr. T. P. Reid: The lawyer doesn't mind a bit either.

Mr. Gaunt: They've been trying to lay claim to these little islands. Gadke, particularly, is claiming a causeway on five small islands constituting about two acres. Caudle is claiming a causeway. Nothing more or nothing less. He just wants the causeway which is a connecting link between the land which he does own and which is described in his properly registered deed. But he hasn't been able to get that either.

Hon. Mr. Auld: I have one of those in my riding. I know what you mean.

Mr. Gaunt: They've moved to this method of quit-claim letters patent. In order to succeed under that particular route, I understand one has to have evidence to prove actual possession of all the land for a period of 60 years or more.

Hon. Mr. Auld: Uninterrupted.

Mr. Gaunt: Right.

Let me go back for a moment and describe to you how this problem came about. As I understand it, in the case of Gadke, the deed he assumed later on initially described the farm as all the dry land in lot 18, concession 16, Howick township. That was fine to start with. But in 1867 they built a dam and this created a number of little islands.

I didn't go back into 1867, but I went back 60 years or more: George Horton owned it from 1905 to 1925, Charles Hubbard from 1926 to 1951, and Gadke, my constituent and the person pursuing this, has owned it from 1951 to the present time.

Hon. Mr. Auld: He believes he owns it.

Mr. Gaunt: He believes he owns it, because the land in the original deed was described as all the dry land in lot 18, concession 16, Howick township. At that time what are now the islands were dry land before the dam was built. Over the years the various people apparently have used those islands for one purpose or another. The lawyer got affidavits from people and submitted them to the ministry but without success—obviously, otherwise I wouldn't be raising it here.

In the case of Gadke, they said he had not submitted evidence to prove that the five islands had been continuously occupied by himself and his predecessors for more than 60 years. So that was the reason for the rejection. I won't deal with them all; there were seven reasons given why he had not proved continuous possession.

The first one, the cutting of trees for timber, fence rails, posts or firewood, does not constitute possession. Gadke stated that the south island was cultivated. However, the cultivation was not continuous. Obviously it wasn't continuous, because trees were planted there; so cultivation couldn't be continuous. But surely that doesn't forgo another kind of activity. If one plants trees there, surely woodlot management is just as important as cultivation.

"The inspection report shows that the fenced area to which Mr. Gadke referred corresponds to the patented lands in the northwest corner of the lot." I don't know what that means.

"Gadke stated that during the dry summers, cattle often pastured on the islands. This was not continuous and does not constitute adverse possession."

Mr. Eaton: They couldn't pasture there in the winter time.

Mr. Gaunt: That's exactly the point. How can you have continuous pasturing? You pasture cattle when it's appropriate to pasture them. As my friend from Middlesex says, you can't pasture cattle when there is five feet of snow. Even on a regular field, you don't pasture continuously; you pasture periodically even in the summer time. So I can't understand the point that is being made there.

I have an uneasy feeling this whole thing has developed into a kind of adversarial thing where the ministry has made up its mind that these fellows are not going to get their land, come hell or high water. It doesn't matter what they submit, the minister then comes up with reasons to deny the application. As I say, this has been going on for quite a while. The applicant proposes and the ministry opposes. Based on the reasons I see in front of me, it doesn't make a lot of sense.

The other one is, "Edward Horton did not say how he came to know the information set out in his affidavit." Heavenly days, he came to know it because he was the son of George Horton who owned the land from 1905 to 1925, and he's continued to live in the township ever since. That's how he came to know it. There's nothing mysterious about that. But that's given as one of the reasons for denying it.

Hon. Mr. Auld: Did he have that in the affidavit?

Mr. Gaunt: I don't have the affidavit in front of me; so I can't answer that.

But those are the circumstances.

I've asked the lawyer to prepare another set of affidavits, which he is doing. He was hoping to have them sent to me today but they didn't come; so obviously he didn't get them done. Whether that was in the affidavit or not I can't verify. But that's the situation. That reason is, in my view, flimsy to say the least.

"Edward Horton did not submit evidence to show that the islands were continuously used and occupied."

I don't know what more evidence he would have to submit. He was the son of George Horton, who owned it, as I said before, from 1905 to 1925. It formed part of the affidavit that, as far as he was concerned and to the best of his knowledge, it was in continuous use and was occupied on a continuous basis over the course of his lifetime.

That was the evidence contained in the affidavit given by Edward Horton. I don't know what more he could say. It was his firsthand knowledge that there had been

continuous use and continuous occupancy of those islands over the course of those years. I don't know what more he could say. He's taking an affidavit to that effect.

Hon. Mr. Auld: Obviously nothing was changed in the registry office at the time the dam was built. I assume the water level must have been raised in an adjacent lake and created islands from the mainland.

Mr. Gaunt: I think that's the problem. Nothing was changed in the registry office, and it has just gone on and on, until it has passed down through about four or five different owners who have just accepted the previous deed when the property was transferred.

Hon. Mr. Auld: I'm very curious about this one, because—

Mr. Gaunt: You've got one of your own.

Hon. Mr. Auld: I've got three like this. One of them is not in our riding; it relates to a late member of the then Department of Lands and Forests who had even less success. There is an island in Lanark which he said had been part of a lot and the lake level had changed—but that's a long story too.

In this case, is the adjacent property on what is now the mainland in the same ownership as one of the islands? At some time were those two pieces of land which are now islands sold separately—in effect severed—from the original deed which included the whole lot?

Mr. Gaunt: My understanding is there was never any severance. To my knowledge there was never a separate sale of any of those islands as a parcel.

Hon. Mr. Auld: Do the present owners have a deed of some kind? If so, where did they get it?

Mr. Gaunt: The present owner has a deed saying he owns all the dry land in lot 18, concession 16, Howick township.

Hon. Mr. Auld: That includes the mainland—

Mr. Gaunt: And the islands, as far as he is concerned.

Hon. Mr. Auld: Both the islands?

Mr. Gaunt: Five islands. As far as he is concerned, he still owns it, and the people who preceded him—

Hon. Mr. Auld: We say he only owns the mainland?

Mr. Gaunt: There is no question about the mainland. He owns the main body of the farm; there is no question about that.

Mr. Eaton: Somebody can build a dam and he can have the whole lot dry again, eh?

Mr. Gaunt: I guess the only solution is somehow or other to let the water out of the tank and create some more dry land.

Hon. Mr. Auld: You say there are two owners?

Mr. Gaunt: Gadke is claiming possession of a causeway and five islands, which constitute about two acres.

Hon. Mr. Auld: They connect to his land on the mainland.

Mr. Gaunt: Right. The causeway connects them to his main property, as I understand it.

Caudle, the other chap, is only claiming the causeway. He owns the main body of land; all he is claiming is the causeway, as I understand it, which connects his two parcels of land. When the dam was built, the water created two large, separate lots in his case; and that causeway connects those two. He always thought he owned the causeway.

There had never been any problem over the years for any of these owners until Natural Resources came in one day and said to one of them—they had a "No Trespassing—Private Property" sign, I think, on one or two of these islands—"You had better take that down because you really don't own those islands."

Up until then they had never really assumed anything different. They had used the islands when they wanted to, the cattle ran into the bush when they wanted to, they cut wood there when they wanted to, and there had never been any problem until about four years ago—until the ministry office in Wingham was expanded.

Mr. Eaton: You can almost say the ministry is land-grabbing up there.

[9:00]

Mr. Gaunt: They have to move into other important areas and fields of endeavour.

I wanted to raise this, because I think there is an injustice in this whole thing; surely it can be resolved. Frankly, I don't know what the ministry would do with those islands anyway. They are of no earthly value to you or to anyone else except these farmers. As far as the ministry is concerned, if you want to put fish in the lake, fine; go ahead and put fish in the lake. If you want to do anything else with the lake, great. But I don't see what earthly use those islands would be to the ministry. That's the other part of it. That has nothing to do with

the legal aspect of trying to prove ownership.

All there would be, I suggest to you, Mr. Minister, is a place where people would come in on the weekend and cause all kinds of trouble. Your people aren't going to be there every holiday weekend to see that campers and boaters and fishermen—all those sorts from the city—behave themselves.

Mr. Warner: Not from Scarborough-Ellesmere.

Mr. Gaunt: No, we've never had any trouble from Scarborough-Ellesmere—yet.

Mr. Warner: Make that quite clear.

Mr. T. P. Reid: They are all home reading Hansard on the weekend.

Mr. Gaunt: I don't know what in the wide world you would do with those little islands if you assumed title and then took a long-term lease back from the farmers. I guess that's the only other option. If they don't get possessory title this way, then you will go out and sign a long-term lease with them so they could use it for about \$1 a year; then when people come on and cause a fuss and don't put out their fire when they are through, the farmer has no leg to stand on. He says, "I can't go there; it isn't my property." The responsibility falls back on the ministry to patrol those islands to see nothing serious happens.

Dr. Reynolds: Mr. Chairman, I think it is fair to say the ministry—at least the civil servants in it—are not looking for an opportunity to take things back. As you have said, Mr. Minister—

Hon. Mr. Auld: I've got an island of my own in the St. Lawrence.

Mr. T. P. Reid: It's called Montreal.

Dr. Reynolds: That's a little bit beside the point.

The ministry does have a lot of responsibilities in areas like this dispute, among them trying to avoid the obviously undesirable situation in which quit-claim patents may well be issued and then a competing claim arises. It is very hard to trace these down. Unfortunately, I don't have a copy of the letter I wrote to you, Mr. Gaunt, and perhaps you don't have a copy with you tonight either.

Mr. Gaunt: No, I don't.

Dr. Reynolds: There were a number of factors that I did list. For example, just because a man says something happens, especially if he has a beneficiary interest in it, makes that difficult to accept. That is not to question the man's word, but to look for

something a little more hard-nosed—if you like, a little more specific.

I don't recall the exact wording of the letter, but it said in effect: "On the basis of what has been submitted, the basis for the claim doesn't justify the requirements of the law. But if you would like to go back and examine these various aspects"—and I gather you must be doing this; you are acting as lawyer on their behalf—"we will keep it open and look at it again." That offer still stands, if you can substantiate a little more fully some of these various aspects.

Believe me, I know there is the perception that the difference between civil servants and politicians is that the politicians say yes and the civil servants say no. I hope that is not really so. We really are trying to avoid any difficulties. We would like to see the matter cleared up. I am sure the people involved would like to have this cleared up for their own peace of mind and that of their heirs.

At the same time, it would cause a lot more chaos if one of these were issued in mistake and there were competing claims some time in the future. We need as much solid documentary evidence as possible; that's what we are really seeking. The letter to you was really saying, "Could you just back these up a little more so we can take another look at them?"

Mr. Gaunt: I appreciate that. That is basically what the letter did say, although I don't have it in front of me. I am reading from the district manager's letter.

Dr. Reynolds: But the letter from the deputy minister was eminently clear, Mr. Gaunt. You appreciate that.

Mr. Gaunt: Yes, it was eminently clear. That is why I didn't bring it. I am kidding. I sent it to the lawyer, and I didn't keep a copy of it.

Mr. Eaton: Surely in a situation like that, where there is a crown deed and nothing has ever been registered by the Ministry of Natural Resources at the registry office, whether I use my property or not, how the hell can the ministry come in and say: "It is now ours because you haven't been using it. You haven't had cattle on it or you haven't cultivated it?"

Hon. Mr. Auld: I suppose because the area is in southern Ontario and was never patented. There are areas in southern Ontario which were never patented, just as there are areas which don't exist that have been sold. I had a couple of those in my riding too, where it had been sold by metes and bounds

and people kept buying a couple of chains at the end. One fellow had more square feet in his deed than he actually owned on the ground. In those days there were conveyancers who were also barbers and assistant blacksmiths and stuff.

Mr. McNeil: Is there anything wrong with being an assistant blacksmith?

Hon. Mr. Auld: No; if you are a good conveyancer, it is fine.

Dr. Reynolds: What the minister is really saying is: "Under the circumstances we don't have records of your ownership. Can you prove to us that you do?" When this happens, letters of quit claim and letters patent are issued. I don't know, Mr. Anderson, but I don't think we do it weekly. We really do quite a lot of these. In fairness to possible competing ownerships or all sorts of interests like that, we try our best to be as detailed and definitive as possible in establishing who really does own it. This is not to grab it for the crown or anything, but to try to protect other interests which might well be crown interests.

Mr. Gaunt: That raises another point. Why would the onus be put on the property owner to prove he owns it? Why wouldn't the ministry have to prove it owns it?

Hon. Mr. Auld: We don't know who else might be claiming. That is our problem. As Dr. Reynolds said, if we issue a patent and somebody else comes along with some of the evidence that didn't appear in the first exercise, how do we explain to them that we have granted their land to somebody else?

I must say I felt we were asking a little too much when we started to get first-hand records of transfers and hand-me-downs in the family. There was one not too long ago that was part of the gore in the small community of Southampton, was it?

Mr. Gaunt: Yes.

Hon. Mr. Auld: It had been farmed by an adjacent owner for years and years but not uninterrupted. From what they told me—great Tories, too; I was naturally sympathetic—we had to turn them down, because there was a hiatus. It might well have been beneficially used by somebody else. It had been part of an earlier plan of what we would call a subdivision now which formed part of it too, which complicated things a little bit.

Mr. Gaunt: The problem is that George Horton is dead but his son is still living. Charles Hubbard is dead and everyone preceding them is dead.

Hon. Mr. Auld: It would be really hard to get affidavits from them.

Mr. Gaunt: It really is difficult. They don't get up to the alarm. The only one living who can really go back close to 1905 is Edward Horton.

Mr. T. P. Reid: The minister could.

Hon. Mr. Auld: Not in that area, though.

Mr. Gaunt: But the minister doesn't seem to want to take that, although maybe we could do better. I think that was the message in the deputy's letter. As I recall it, the reasons were set out pretty well as they were in the district manager's letter, because I presume you are tapping into the same information source.

Then the deputy said, "If you can provide any more information, we will take another look at it." That was the gist. So to that extent it was certainly clear. We are trying to do that.

But let me come to Caudle. The only thing he wants is that causeway connecting his two parcels of land. One of the reasons for rejecting his affidavit or claim is that he did not state his age. What his age has to do with it I don't know.

Mr. McNeil: That's very important.

Mr. Gaunt: He apparently didn't properly describe and identify the land he wanted. It is very difficult to describe because it is just a little causeway connecting two big parcels of land. They set out the lot number, the concession number, and described it as accurately as I would know how to describe it; yet it comes back stating that the land sought isn't properly described or identified.

I just don't know. I know the lawyers look at this, compare the affidavits to the requirements of the act, and if they don't fit then, bang, back it comes.

Hon. Mr. Auld: Was there a survey of the causeway?

Mr. Gaunt: I don't think so. I don't think there is a survey of it, no.

What do you suggest I do? I will get these additional affidavits from the lawyer. Perhaps the best thing to do is to have these people come down with their information; and in the case of Horton, to bring Horton down. Is that any good?

If you sit across the table from him and have an eyeball-to-eyeball discussion, and you are assured he is describing his knowledge accurately and to the best of his ability, does that make any difference? I don't know. I am asking.

Dr. Reynolds: That would all be of assistance, Mr. Gaunt, but frankly I think we

ought to be able to avoid the necessity of people like that coming from distant areas to Toronto. That is why we have so many district offices, where we have very competent people. These things are often much better dealt with on a face-to-face basis than through the impersonality of a letter. I would at least start with having the people involved sit down with the appropriate—

Mr. Gaunt: We have gone through that.

Dr. Reynolds: And it hasn't—

Mr. Gaunt: We have gone through it. I arranged a meeting last fall. We had the district manager, we had the lands man, we had some other people from the office, and we had Gadke, Caudle, the lawyer, and myself. They said: "Submit everything you can to Toronto. We don't think it will go through, but submit it; try it anyway." They tried it, and it has been kicked back. So here I am.

Dr. Reynolds: On the Gadke and Horton one, I take it you are drawing together the material to respond to the letter which I wrote to you. Let's see that one and hope it is the last.

Mr. Gaunt: Okay.

Dr. Reynolds: As to the other one, look again. If you have more material that would clarify it, or whatever, let's have it. Keep me in touch with it, and I will keep on top of it.

Mr. Gaunt: Okay. The lawyer actually thinks we have a better case on Caudle than we do on Gadke, because it is just a cause-way that is involved and there are no islands involved at all. In sheer mass of land, I guess he figures it might be easier to work Caudle through than Gadke. I am not so sure about that. I think they both have good cases.

[9:15]

Mr. Foulds: I'd just like to make one point on this issue. There is an important premise involved: the land is the crown's unless it has been alienated; that's the hangup that the ministry has. As a matter of fact, someone testified to that effect. I don't know the particulars of this case but I think Mr. Gaunt, as always, is very precise.

The important thing we have to keep in mind—because it's important in terms of crown lands in the north as well—is that the lands are the crown's unless they have been alienated by some kind of deed or patent or what have you, and that's always a difficulty. Clearly it's one that we should try to respect, because then you get into the whole business of property rights and people grabbing and multiplying—

Mr. Gaunt: I see your point, Jim, but the point here is that they feel there was private ownership, and they have some evidence of that. I'll leave it at that, Mr. Chairman; I don't want to take any more time. I really do think we've got a reasonably good case in these two instances.

Dr. Reynolds: I'm sure you're right, Mr. Gaunt; I'm sure you'll make a good case and it will get its usual sympathetic understanding.

Mr. McGuigan: Mr. Chairman, can I make a point before we leave this?

Mr. Chairman: Yes.

Mr. McGuigan: In Britain a few years ago they were trying to deal with the village greens and the hereditary rights people had accumulated over the centuries, for instance, to pasture a gaggle of geese on the village green for two days in the month of July, or a goat or something of that sort. To try to dispose of all those claims, they advertised that you had to make your claim by a certain time and have that registered. After that, no claims would be entertained.

In this case, where you are so concerned about competing claims, if you decide to rule in favour of my colleague's constituents, wouldn't it be wise to post an advertisement to advise other claimants that now is the time to come forward or hereafter keep your peace? Is there any validity in that sort of approach?

Hon. Mr. Auld: I think that deals with one aspect, the one that Jim Foulds brought up. The custody of public land is the other difficulty, although, in the event that it was relatively clear there were no other claims, we might take a look at some amendment to the legislation that would not require going back quite so far because of the difficulty of getting firsthand evidence from people who remember. I know of cases where individuals have indicated, sworn and produced affidavits and you wonder whether, at the age of the proponent, anybody's memory could be that clear.

Mr. Gaunt: I don't think there are any competing claims to my knowledge on these two properties. I don't see how there could be.

Hon. Mr. Auld: When highway 401 went through Leeds, an irate drover came in to see me one Saturday; he was just climbing up the wall because the Department of Highways had started to chop through what he thought was his fence on to some of his pasture. I said, "That's unusual; they don't do that." I checked and, sure enough, they

had settled with the owner. They had gone to the registry office to see who owned it—it was a lady—and they had negotiated with her and settled. He had been using this land since 1921, and he remembered clearly when his father bought it; in fact, he had, but he'd neglected to register the deed.

It cost this gentleman almost \$2,000 to go to court to establish his claim; so he netted about \$800 on the deal. But Highways refused, properly, to pay two people for the same piece of land. There was no doubt in anybody's mind that he was probably the owner, but his father had never registered with them. As I say, that's within not my memory but my lifetime.

Mr. T. P. Reid: Mr. Chairman, I want to talk about crown land. I won't make a long speech about how the Ministry of Natural Resources and the Minister of Northern Affairs (Mr. Bernier) at one time had driven up the price of crown land in northern Ontario to an unrealistic figure; but I want to state at the outset I believe people should be paying for crown land at market value. I've said that for years. But we're in the situation now where you've sent these assessors from Toronto to put a value on the land after you've changed your mind once again and allowed people to get title to the land.

The minister indicated in answer to a question of mine two weeks ago that it would be another month before he had arrived at a decision as to how he was going to arrive at a reasonable and a fair price. I wonder if there is anything further on that. Because we have a little more time, maybe the minister could outline some of the options he and his officials are looking at and ensuring the people of northern Ontario pay a fair price rather than the assessed value with the developments that have gone on since the lots were originally leased to them.

There may be those who are wondering about some of my questions earlier but they were related to this matter. A lot of people have put roads in themselves to some of this property. They've improved the lots, they've cleared them, they put cabins on them, they've cleaned up the beach or the shoreline and they've all built docks. They can hardly expect an assessor to come from Toronto—whose primary experience I would presume, is in the Muskoka area where the property values are extremely high—and put a reasonable price on these crown lots. I think it just isn't fair. I wonder if the minister could indicate whether he is going to make an announcement in the House in two

weeks and if he can give us some indication on what that announcement is going to be based?

Hon. Mr. Auld: I don't have any real concern about the ability of a qualified appraiser to produce today's market value for most of the lots we're discussing; but I do have some concerns about the leasehold improvements that have been made by the lessees.

In law, as I understand it, if you are a leaseholder and you make improvements, when you give up your lease you don't get paid for them. But I saw in one case—fortunately, or unfortunately—photographs of a piece of land near Timmins when it was originally leased on the basis of tenders which said this is what I would pay for this lot if I were able to buy it.

I've forgotten how many lots there were, 10 or 12, on a lake near there. There are great variations in properties adjacent to each other but from looking at photographs taken from the water I would certainly say their value would be the same. There were very wide variations in the bid prices on which the rent was based because the rent was based on 10 per cent of the market value as established by the successful tenderer.

I looked at others of these owners' photographs when the lake just happened to be at a low level because Hydro had a dam they were repairing; they let the water down in the fall and people dug out the stumps and mud and put in sand and did all kinds of things on the basis of their 21-year lease. I'm thinking of what an appraiser from Timmins would say. If he was a qualified appraiser, who had passed the appraiser institute, and was comparing that to equivalent property in the area or was looking at today's market value and the price he's going to put on it—it seems the people I talked to who were the current lessees were pretty upset that somebody from Toronto or elsewhere would have even less idea as to what the market value was when that person originally leased it.

We haven't come up with an answer yet. I guess legally those leasehold improvements are the property of the crown when that lease expires, if the person went the whole 21 years.

The other thing that worries me is if we were to say, "Okay, we'll extrapolate in reverse and say the market value is an average of what was tendered on those 10 lots, and the value of the building that you put on it is so much." Let's say the value of the lot was at that time \$1,000 and the

building that's been put on it is \$15,000, for a total today of \$16,000. We charge them \$1,000 or even \$2,000 for the land. When I read in the Star tomorrow about the big killing he made when he sold it for \$30,000, I find the questions you might ask me in the House the day after that would be even more difficult to answer.

That's the long way of saying I haven't figured it out yet.

Mr. T. P. Reid: Actually, for you that's rather brief. But surely you would agree—and try not to be a partisan about this—it's the ministry's and the government's own policies that have got you into this mess in the first place. When you changed your policy from selling crown land to leasing, the people who leased at that time did so in good faith, based on the prices that were prevalent in those days, and were reasonably satisfied with what they had and with the rent they were paying.

Then when the then Minister of Natural Resources was over in Europe, Mr. Bernier, as I understand it, pulled a fast one and got the policy change through the cabinet. We had a reversal, going from lease-only back to the old system of selling. In the meantime, what had happened because of your lease policy—which I agreed with—was that you obviously drove up the price of deeded land. This was because government itself created an artificial market for it.

Hon. Mr. Auld: In areas where we haven't created an artificial market in southern Ontario the value has gone up too. There's been inflation all over.

Mr. T. P. Reid: Sure, but you've also got six or seven times more people than you have in northern Ontario. I know it's a cliché but most of us live in northern Ontario because we like to live there. Yet what's happening is that a lot of people who would like to live there and have to live in a town of some kind and would like to have a cottage lot, can't, because of the policies of the Ministry of Natural Resources and also the policies of the Ministry of the Environment. [9:30]

Hon. Mr. Auld: That doesn't sound that different from southeastern Ontario.

Mr. T. P. Reid: Certainly not, except that again one can understand why the market value of a piece of property in Muskoka is such as it is when there are 3.5 million people or better fighting over a relatively small area.

Hon. Mr. Auld: Also, those same people go to Haliburton, the Kawarthas, the Thousand

Islands and Georgian Bay. They go to a lot of places.

Mr. T. P. Reid: Yes, except that you will recall that two thirds of the land mass of the province is in northern Ontario.

Mr. Foulds: Some 58.9 per cent is in north-western Ontario.

Mr. T. P. Reid: That's right. Only about 500,000 people, or maybe a little more, of the population of close to eight million live in northern Ontario. These people cannot understand, with some justification, why they can't have the opportunity to have a cottage lot and why they should have to pay the prices they have to. They've got to pay market value. For years we gave away crown land not only to our own people but to Americans.

Hon. Mr. Auld: I recall somebody, not on our side of the House, making a rather strong plea that we stop selling crown land, particularly to non-Canadians.

Mr. T. P. Reid: That was the member for Rainy River and I still agree with that.

Hon. Mr. Auld: That isn't the one I was thinking of, but that's true too.

Mr. T. P. Reid: I presume you mean the member for Sudbury as well because that was—

Hon. Mr. Auld: You're getting warmer, but you haven't hit it yet.

Mr. T. P. Reid: Nipissing?

Hon. Mr. Auld: No.

Mr. T. P. Reid: It doesn't matter. There were a number of us who agreed with the policy at the time and still do.

I think compared with the prices of some of the lots when people leased them a few years ago in all faith from the government, they are now being assessed at too high a figure.

I'm not suggesting that it's a way too high—that it would be cut 50 or 60 per cent. I really think that in fairness you've got to come up with something. An option might be either a straight percentage, which might not be equitable to everybody, or take into consideration the rent they have paid on their leased lot or something to that effect. Really, I think the prices have to come down somewhat.

What you're doing at the same time with these high assessments is driving up the prices even higher. Again, your ministry is putting an assessment on those lots which automatically makes everybody else's worth that much more.

Hon. Mr. Auld: Actually it seems to me that something over one third of the lessees

who want to buy have already bought. They have paid the market value as produced by assessors of government services.

Another 15 or 20 per cent have protested and we haven't heard from the rest. Are my figures roughly right? We have created another bit of a dilemma as far as I'm concerned. What do we do if we change the terms as far as those who have already settled are concerned?

I haven't got a breakdown as to where those are distributed. It may be that in some areas 100 per cent of the owners agreed because they felt it was fair and in other areas 100 per cent of the owners disagreed. I'm in the process of getting a breakdown of those figures.

Mr. T. P. Reid: I can appreciate your dilemma, but I have no sympathy for you because you're the authors of your own misfortune; except that the people out there are suffering from it.

Let me ask you this: are you prepared to allow those people who are leasing at present to continue leasing under the old scheme?

Hon. Mr. Auld: The old scheme which was a percentage of market value?

Mr. T. P. Reid: Yes.

Hon. Mr. Auld: Yes, in fact I think we've told them that.

Mr. T. P. Reid: Except that again you've upped the assessment on them.

Hon. Mr. Auld: As market value increases, the rent will increase.

Mr. T. P. Reid: So they are getting it either way. One further question. I presume and hope that part of your statement in about two weeks' time will also give these people sufficient time. I am talking about a year or two years, probably, for them to make a decision, particularly with the interest rate being what it is. And if you make this announcement, you won't say they have to make up their minds by the end of November or December? They will have sufficient time to make arrangements?

Hon. Mr. Auld: That is about the only thing I have come to a conclusion on. That is the easy part.

Mr. T. P. Reid: Well, that's something. I take it you are agreeing you will give them time. I'm never sure about you fellows.

Mr. Foulds: He nods, and one assumes that is the alternative.

Hon. Mr. Auld: As a matter of fact, Pat, after today I am never too sure about you, either.

Mr. T. P. Reid: That wasn't my fault.

Mr. Lane: When I spoke briefly earlier in the estimates, I was to get a few well-deserved bouquets. Since then I took all my nasty pills at dinnertime and I am going to have to pick a few bones tonight.

My friend from Rainy River brought up a problem that I have been having. I think we should go back and review the circumstances that led up to this situation. We weren't all necessarily in favour of it at the time. When these lots were proposed to be sold, rather than leased, by the former minister, as I understood it one of the reasons was the middle-income man in the north, or any place in the province, was not able to have a cottage on the lake so his family could enjoy these benefits.

We did toss around a figure of \$3,500 up to \$4,000, depending on where the lot might be located. As a matter of fact, I was so sure of that I put it in my year-end newsletter that it could vary a little bit but it would be someplace in this ball park.

Mr. T. P. Reid: You are morally obligated to resign.

Mr. Lane: I find now that the land supervisor for Blind River is ranging anywhere from \$2,500 to \$9,000 within a given area of 15 or 20 miles. You touched on a sore spot, actually. A lot of these people had made tremendous improvements when they leased the lot. They thought they were going to be able to buy it for around \$4,000, and now they find they are going to have to pay \$9,000 and they are goddamn mad, I can tell you that. That is putting it very bluntly. They are very angry.

You can say, fine, if he doesn't want to pay \$9,000 on Dunlop Lake, let him go to Blind River if that's the case and get the lot for \$2,500. But unfortunately, he has probably put \$10,000 in improvements on the lot he had leased, and now it is purchased. So it is really an artificial price, as Mr. Reid has indicated.

I have taken it up with some people in your ministry. They told me I might as well not worry about it, nothing can be done. But I really think something should be done about it. We have misled people into thinking the lots would be in the \$3,500 to \$4,000 range. That certainly was the figure being bandied about in the newspapers and in the House. I am sure you can find it in Hansard, and you can find it in my last year-end newsletter, because I was sure that was the price. I said there could be variations, depending on quality and location. But certainly not a \$5,000 variation. I think that matter really has to be resolved.

Before you answer, Mr. Minister, and I agree with what you said to Mr. Reid to a point, but some of those people's leases had not expired, really. They bought because the lots became available on a purchase basis, but their leases didn't really expire at that point. They expired because they bought the lot, but they wouldn't have otherwise expired.

Hon. Mr. Auld: They could have continued as lessees at an increased rent. Another thing that has been suggested is that we modify the increase in market value, if the individual continues to lease. This is back to the original understanding of the 21-year lease, with some changes in rent. Wasn't there a provision for a review of the market value at some period of time during the lease?

Mr. Anderson, could you give us what the lessee understood when he or she originally leased the lot, either by lot, by tender or by auction?

Mr. Anderson: The term of the lease is for 21 years. The initial rate was struck based on the market value at that time as 10 per cent of the market value for the first 10 years. The rent would be revised after that first 10-year period.

Hon. Mr. Auld: If we were to review very generously the increase in market value, which would mean that the rent was increased, and give the individual the opportunity, he or she or their successors, to continue the lease to the end of the 21-year period, not to be able to sell the lease, then we would be accused, I think justifiably, of conniving in a ripoff of the crown.

Mr. Lane: That would partly resolve some of the situations I think. I have a whole armful of others from people on Dunlop Lake. I think what really happened—and I understand the appraisers were not from your ministry, sir, but from Government Services—they went into the real estate people in Elliot Lake. Everything is inflated beyond reason in Elliot Lake now because of the boom situation. They got the price confused with the real price, and tried to relate it to cottage lots. I don't think they understood what the hell they were doing, to be quite honest with you.

At Blind River, 25 miles away, they have lots as low as \$2,500. We could have a boom in Blind River two years from now, and they could be tapering off and the complete opposite could apply. Yet here is a guy living on Dunlop Lake who paid \$9,000, and somebody living over at Blind River who has paid \$2,500. All these letters were written to the same man in the district office of Blind River, varying anywhere from \$2,500 to \$9,000.

Hon. Mr. Auld: Would the lots be comparable?

Mr. Lane: I think there will be some discrepancies in lots, but still a lot a person would choose for a cottage is going to be reasonably inaccessible and it doesn't seem to me there should be a difference of four times in price.

However, I am sure you want to do the right thing about it. I really think the right thing is to do something about it because the way it is now, we did promote the program, and a lot of people welcomed the program thinking at long last they were going to be able to afford a cottage for their families to enjoy the summer. By golly, unless they have a pretty good range of income they are not going to be able to afford it at \$9,000 for the land, plus improvements they have to put on it, including the cottage.

To some degree we have misled these people, certainly unintentionally, but I think it happened basically with appraisers using an artificial price, relating to houses in Elliot Lake because they are a very scarce commodity. If somebody rents a house up in Elliot Lake, he thinks you have gone crazy because he hasn't seen a house in so long that he could rent or buy that he feels something is outdated, and there must be some other way of getting by.

You can't relate prices in Elliot Lake as real value for cottage lots in that area as they are artificial. I am sure you will do something about it, and I hope you will because it is leaving a very bad feeling with a lot of people and I think justly so. Certainly I misled them because my letter said they would be able to buy the lot and it would be somewhere in that ball park. This is what I had been told, but it didn't happen that way, so I feel guilty.

I could produce one of my letters, if you like; it was certainly well intended. This is what we were talking, and it didn't work out that way.

I know Mr. Foulds wants to talk about the same thing, but I do have one other little matter I would like to talk to you about while I have your attention. I looked all the way through the estimates because I thought there would be some particular vote to take care of this problem of mine which I have brought up every year for eight years. I brought it up for six years before then when I was the mayor of Gore Bay.

Hon. Mr. Auld: It would be Culture and Recreation under "Archives."

Mr. Lane: —through the former minister or member, Stan Farquhar. I brought it up for 14 years but we still haven't resolved it.

However, I feel a little bit hurt that there's no place in the estimates where I can talk about this again this year. Obviously, there should be a special vote for this particular problem I have had.

This has to do with the title of land. In this case we have had some correspondence on it as late as May of this year. It has to do with the land owned by the Ontario Paper Company Limited on Manitoulin Island that we have been diddling around with for the last 14 years. We could have had it for a song back in those days, and one wouldn't have had to be a very good singer. Now, of course, things have changed somewhat.

About 20 years ago, Ontario Paper moved out of Manitoulin and left a big void in the west end of the island. There was just no more economy there because what was there was the timber operation. There is an opportunity for dollars to be made there and to improve the economy. The land is privately owned. Personally, I hope that development doesn't happen under private ownership because we don't have any crown land on Manitoulin Island at all. The only one we have is the nature park we acquired last year from some American gentleman who didn't want to sell it for any other reason other than preserve it for future generations.

It's necessary that we have some land on Manitoulin Island where visitors can go in years to come where they won't be ordered off because it's privately owned property. These 80,000 acres provide that opportunity for us to have some public land that we can call recreational land that people can utilize.

Also, there are 60 acres of Lake Huron frontage on this property that certainly would lend itself to some good commercial tourist development. Even though we would have to provide a grant in lieu of taxes to three townships for a period of time because the bulk of the land I am talking about takes up the bulk of three townships—Robinson, Dawson and Cockburn Island—very soon we could have the private sector investing in development that would more than put those taxes back into the treasuries of those municipalities. That would be a short-term thing.

Also, throughout this province, we are having difficulty in satisfying our hunters, especially deer hunting. Because of the fact that we are not timbering any more in western Manitoulin, our deer herds are depleting there. A good deer herd always goes with a good timber operation, as you know. We could have a lot healthier deer herd on Manitoulin if we were having a good forest management program going on there.

I understand a good forest management program could harvest about 10,000 cunits a year from that land on a permanent basis. The market is as close as Espanola. There are a lot of jobs there. I think there is something seriously wrong with the situation that we have let it go this long. About 1974, the present Deputy Minister of Northern Affairs, who was with your ministry at that point, made some statement to the Globe and Mail as to the fact that we were purchasing the property. The Premier (Mr. Davis) answered a question in the House from Mr. Lewis in the same vein. However, about 1975, we went into restrained spending and so forth and we didn't purchase the property.

I suggested to Ontario Paper that they needed wood to run their mill in Thorold and so on, so why wouldn't they be prepared to exchange their property on Manitoulin Island where we have no crown land at all for some crown land where I think we have too damned much of it in some cases. They thought this wasn't too bad. There have been meetings going on for the last four years, talking in terms of finding the right block of land to trade them for their block of land. A year ago last February, I believe, I, the new Treasurer and then minister (Mr. F. S. Miller), and one or two staff people were wine and dined by the company and they were ready to go. That was two years ago. We still haven't done anything. Your letter says to me there are problems and we have made then an offer to consider. That's not quite the way it is, Mr. Minister. They have been ready to go for the last two years, but it's we who are dragging our feet now.

I am sorry to have to say that, but it's a fact of life. They were satisfied to the point that a year ago they were going to do an inventory of their lands on Manitoulin to see just what they had, so it would get right down to the nitty-gritty and they would know that they were trading for what they were getting. They were told, I understand, from a ministry official, "Don't spend your money just yet." Well, Christ, after 14 years, it's surely time they spent their money. I don't want a decision tonight because it could be the wrong one, but I am surely waiting for a decision pretty darned soon.

I had promised the people up there when I was the mayor, never expecting to be the member, that we would resolve the matter and get some economy back on western Manitoulin. I couldn't do it, so I had to come down to this God-forsaken place to be the member. After eight years, I can't do it. Yet I get letters from the minister of the day—and you are the fourth or fifth minister I have

gone to with this problem—and they say, “Everything is fine and the program is healthy.” Well, it’s too damned healthy, as far as I am concerned. It’s going to live forever, and it’s time we resolved it.

With that, I will quit, but I just hope—I can assure you. I have talked with Ontario Paper about this land four or five times this summer. I can assure you the ball is back in your park and they are waiting for you to make the next move, not the other way around, the way your letter indicates from last May.

Hon. Mr. Auld: I must admit I haven’t had a report recently about the exchange. I know at one point we were very close to an agreement but we were not able to agree on I think mineral rights or something. There was the problem of making an equitable trade and finding them timber, and of course one of their needs, which is not a common one, is to be near a rail-line. I think at one time we were virtually on agreement and then something happened to their freight rate.

Mr. Lane: About three years or four years ago I went to the west end of the island and held a meeting and I was told before I went we were right on the verge of agreeing. I made that statement and I am afraid to go back. That’s three or four years ago. I am afraid to go back because they will have my head because I thought I was making a truthful statement.

I said the thing is getting close, and we even started to plan how we were going to develop the land and we set up a committee to look at all aspects of development. We are not talking about the government having to spend more dollars to develop it. We just wanted them to get it so they can lease to people who want to develop it and get the dollars rolling, because 20 years is a long time for an economy to be flat.

Hon. Mr. Auld: And Ontario Paper’s interest is in the supply of wood.

Mr. Lane: I have to be fair. There was a period of years after they left it when they really didn’t want to do anything with it because they had some heart-strings attached to it. Some people who had been there liked to go back and hunt there and so forth and really didn’t want to see it disappear.

Those kinds of people are in the sort of same position as I am. They have grown old and some of them are no longer with us and some have retired. They are finding now they are paying taxes on property that is surplus property as far as they are concerned. They don’t have these heart-strings pulling any more and saying; “Let’s keep it because we

need it.” They don’t need it. They have admitted it is surplus property and they have been ready, as I say, for the last two years to make a trade.

Surely to goodness, out of the thousands of acres we own in the north, we can find the land. As I say, three years ago I was told the package was put together. It just had a few rough edges that had to be ironed out and everything was great. I told the people up there that. We thought everything was fine so we started to plan on how we were going to develop it and, so far, we still haven’t.

Hon. Mr. Auld: In my tenure in this ministry to date, it seems to me we were pretty close to agreement on an exchange last fall. I think that was when the question of freight rates and perhaps mineral rights came up. Then things ground to a halt.

The other problem, in the last two years particularly, is finding unlicensed wood supplies that are convenient to some form of transportation. That has become more and more difficult because of the buoyant market in both pulp and paper and in sawlogs. However, I’ll undertake to update myself on what is happening there and I will get back to you, John, as soon as I can.

Mr. Lane: I really appreciate it, because the time is coming when I probably won’t be a member and the problem will still be there. After 14 years I feel pretty disappointed about it. I have never known a problem to go on for so long.

Hon. Mr. Auld: Oh, I’ll tell you about one after this.

Mr. Lane: I’ll be one as long as I’m here.

Hon. Mr. Auld: That took 25 years or very close.

Mr. Foulds: I have two items that I would like to discuss under this vote. One is I’d like to make a few points about the cottage lot program because it is a concern to so many people in such a wide range of areas.

In a peculiar kind of way, you’ve got everybody mad at you. You’ve got the entrepreneurs mad at you, you’ve got the Socialists mad at you, you’ve got the people who want to lease mad at you, you’ve got people who want to buy mad at you. You really have inherited the worst of all popular worlds with this problem. I have a certain sympathy for that, but I think it does trace back to an announcement by the former minister that was not fully thought out.

I was going back over some clippings and I remember when Mr. Miller made the announcement—I think it was in March 1978—and there was the comment that he expected

all the details of it to be worked out within the next three or four weeks. Here it is, a year and a half later, and the details of selling cottage lots that had been leased are still not worked out. I think it was a rash and ill-thought-out statement at that time.

I have a number of concerns and I want to make them quickly.

Even if it takes you another two to three weeks to formulate the overall policy, it would be of some assurance to a number of people who are in the situation where they have been leasing and don't know whether to buy or continue to lease, to take it at the price that you've set. It would be helpful even if you could make an interim statement that the price that has been assessed for this year will not be greater next year; that whatever the final resolution is, the value that has been placed on the property they are leasing at the present time will not increase in the next year.

That's a concern that a number of people have. I've had 36 to 40 people actually write to me or phone me with this particular problem. After you made the announcement that there was going to be a sort of moratorium, a lot of them came back and said: "When we first got our letters we had to make a decision by a certain date. Is that going to run out on us, and are they going to evaluate the value upward in the next year? That is a fear with some people.

[10:00]

Since they have invested so much in their property, in terms of sweat, in terms of work, in terms of making a second home there, even if the price is outrageous they'll probably buy it because of the investment they have made. I think they would appreciate some kinds of interim statement going that far. It looks, from what you said to the member for Rainy River, as if at least you've made up your mind on that point so there will be time for them to consider to buy and the value would not be escalated over the next year. I'm not sure if I understood that. Do you want to respond to that particular point?

Hon. Mr. Auld: I said some time ago, as a result of representations from your colleague in the Lakehead, there would be a moratorium on the sale until we could take a pretty good look at it. Certainly, I don't think we're going to be re-evaluating. I'm not sure all the market value appraisals have been done yet, so we're certainly not going to start another round of them for 1980. In fact, we didn't propose to change them from year to year anyway.

Mr. Foulds: There was some indication of that, though, in the letter they received from the district office.

Hon. Mr. Auld: Mr. Anderson indicated the original lease was for 21 years with a revision of the market value on which the rent was placed at 10 years. That's the one that's going on now.

It seems to me there are some lots for which the 10 years will end next year or the year after.

Mr. Anderson: In 1982, sir.

Hon. Mr. Auld: In 1982, so there will be no further change on the first lot for another 10 years, and the second lot will not be affected for two years, until 1982, for the people who took over leases that were first made in 1972.

Mr. Foulds: Okay, that's clear. There are two or three points I want to make. One is: How did it arise that there is such a disparity in what was initially thought? In a general letter sent out in 1978 by Mr. McGinn, who was the former director of the lands administration program, which is where I think the member for Algoma-Manitoulin picked up the figures, in a general letter that was sent out when people inquired about cottage lots, he said, "It is expected that an average price for a lot will be about \$3,500."

That must have been arrived at by some process. I guess the average price works out to be something almost \$2,000 more than that. The highest price of a lot is \$15,750 in the Kenora district.

Mr. Anderson: Mr. Minister, just to recap and to explain why. There are 2,100 leases and to date we have appraised 1,355 of them. The prices of the lots under that scheme range all the way from \$2,000 to \$15,700. The median of that figure is \$3,950, so Mr. McGinn wasn't too far out. That median, just to explain—

Mr. Foulds: Yes, I know the difference. As a former schoolteacher, I had to work out averages on the median.

Hon. Mr. Auld: We mean the median and the mode. Half of them are above, and half of them are below the median.

Mr. Lane: I have a map here.

Mr. Foulds: Can I just make one statement on this point, John, then I'll get back to it?

In a peculiar kind of way, it is unfortunate that letter—and I don't want to use the word "misled," because it obviously was not intentional—but in a peculiar kind of way that letter certainly led people to believe the price of their lot would be within that range. I think when you receive a letter like that where it's stated that the average price is going to be \$3,500, you look at that and say, "Maybe mine will be \$2,000 or \$3,000 more

than that, but not much more than that, because there are going to be some that are going to be a couple of thousand under that."

There aren't very many, at least in the price range, that are under that, although obviously there are a lot in terms of numbers for you to get that kind of median.

Mr. Anderson: There's an equal number below \$3,950 and an equal number above \$3,950.

Hon. Mr. Auld: That's what the median means.

Mr. Foulds: What I'm curious to find out is if there is a difference—this is a question some of our research people asked the ministry, but I guess we haven't had the information processed yet—in the prices that have been established for lots in terms of a range and in terms of the average that have been leased for the last seven or eight years and the new lots that are coming on market for the first time. It would be interesting to get that comparison because I think that's where the evaluation has gone wrong. The evaluation of a raw lot right there is a kind of honesty. You have the circumstances there.

Hon. Mr. Auld: There are a number of factors, as you would know; for instance, closeness to large centres. The same effect has been felt in privately subdivided cottage lots. If they are within 20 minutes or an hour of the Lakehead, they are probably more expensive than those that are two hours away.

Mr. Foulds: That's right. You have them right here.

Hon. Mr. Auld: There are a number of factors such as the condition of the road and how long it takes to get there.

Mr. Anderson: This might help. The median for the lots that have been purchased in the program is \$3,680.

Mr. Foulds: So you're about \$300 lower on the new lots that have come on stream.

Mr. Anderson: No. The median for the 1,355 that were appraised is \$3,950. The median for the lots that have been purchased under that program, the one-third of people the minister mentioned who prior to the estimate have paid their money, is \$3,680.

Mr. Foulds: They're the lowest on average, according to the survey we did. What I wanted to know is the range and the pricing of the lots that have not been leased that are up for sale.

Hon. Mr. Auld: Do you mean the recent subdivisions in effect?

Mr. Foulds: The lots that came on stream this year that were never intended for lease but were always intended for sale.

Hon. Mr. Auld: I read somewhere that in 1978 Natural Resources put on the market about 2,500 or 2,700 cottage lots. Perhaps if we knew what the market value was for them and had some idea of whether people would fly in or canoe in or if there were roads and what improvements there were and what distance they were from the market that might get around to what you're trying to establish. Are the market value assessments, the mean and median that you've mentioned, roughly the same as the prices that have been established for comparative lots that have just been established, say, in 1978?

Mr. Anderson: We have to find that out.

Mr. Foulds: Could you get that information?

Hon. Mr. Auld: I was wondering if we had it because that's one of the things we were talking about a couple of weeks ago in trying to establish some guidelines.

Mr. Foulds: That would give you some kind of guidelines, surely. It may not be absolutely—

Hon. Mr. Auld: It's a little difficult because there are so many variants, but that's one of the things we're pursuing.

Mr. Lane: Mr. Chairman, it seems to me this average price we're talking about was something that came on stream after the announcement was made. It reminds me of the guy who had a contract to cut ties, and when the boss went out to count the ties he found there were some four-foot, some eight-foot and some 12-foot ties. He said, "You know you were supposed to cut these ties eight feet long." The contractor said, "Well, they average eight feet long." But the four-foot ties weren't much good.

Hon. Mr. Auld: His brother drowned while walking across a stream with an average depth of three feet.

Mr. Lane: So I don't really think the fact the average price is \$3,900 cuts a bit of ice with the guy who is paying \$9,000 for his lot. I think he is being charged for his own improvements. That certainly wasn't the message that went out from the ministry, from the government or from the member, I can tell you that.

Hon. Mr. Auld: That's the problem that I mentioned early on in this discussion. While legally the lessor possesses the improvements of the lessee, most lessees don't look at it that way—and understandably when you see what some of them have done.

Mr. Foulds: Also understandably when you consider that the statement was made that they were being evaluated at the unimproved rate.

Hon. Mr. Auld: I'm not sure—

Mr. Anderson: Mr. Chairman, perhaps I should clarify how the appraisal is done. It's strictly a comparable method where unimproved lots are found of a comparable quality. The price is determined for those and that is the way the appraisal is done. It's not the question of adding up all the assets and getting the total price

Mr. Foulds: But I think the difficulty was that in some cases a truly comparable unimproved lot may not have been available. That was certainly the argument put to me by many of my constituents—that even within the same subdivision on one lake, although the lots look somewhat similar now, the point the minister himself mentioned earlier in the debate where people had trucked in a considerable amount of sand to make their lot, one area, look like one that might have been only 500 yards down the lakefront.

I'd just like to make two points before I leave it. I think one of the real worries of people in northern Ontario is that we are pricing cottage lots right out of the market for the average working man and woman. I know the Minister of Northern Affairs comes from Kenora district and it's a very high cottage-lot-industry area, but when an unimproved lot there is as high as \$15,750 I think there are improved lots in municipalities you could buy for that—

Hon. Mr. Auld: I could tell you about the north end of the Lake of the Woods—that's in Muskoka and Winnipeg.

Mr. Foulds: That's right. But when you're pricing it out of the reach of the average person in industry who's earning a pretty good income—

Hon. Mr. Auld: What do you do if you put on an unnaturally low price? You sell it, and then the person who buys it resells it?

Mr. Foulds: A suggestion I made that was rejected by the former minister was that if it's sold within a certain period of time it reverts to the crown.

Hon. Mr. Auld: Then you have all the fun about the ownership of the improvements on it and who gets the benefit of that and the same thing we're talking about right now.

Mr. Foulds: Maybe you should have stuck with leasing then; but you face a real problem there.

The other is the perception of the people that somehow they are captive consumers. I

think that's one you're really going to have to come to grips with when you make the final announcement. In spite of the fact that legally the improvements are the crown's, because it's the lessor, a number of the people feel very strongly they are captive consumers and they have no choice.

[10:15]

Hon. Mr. Auld: I get back to the basic concern I have as one who acts on behalf of all the taxpayers as well as dealing with them individually. We have to find a solution that is fair to the would-be purchaser and also fair to the rest of the taxpayers. That is the difficult part. We just haven't found a way. I suspect we will need a greater variety of formulas to try to deal with the variety of situations. Maybe some other methods, similar to those that have been used in dealing with leases in some of the provincial parks, may be the answer, where there is some sort of body that can look at individual circumstances and situations. I haven't come up with just what that is, if in fact that would be a solution.

Mr. Lane: I think you've hit on a very important thing. I think there could very well appear a serious development. You might like to call it lack of development. You'd have to go far enough where a guy could get it and hold it for a couple of years, develop it and sell it for \$30,000 and go on. That would be objectionable to most people. Certainly you wouldn't be doing anybody a favour.

You mentioned to me a while ago that people who would be prepared to carry on with the lease couldn't sell it but they could pass it on to a member of the family. Why wouldn't the sale work the same way? He buys it for his own use and he could only pass it on to a member of the family.

Hon. Mr. Auld: It would be awfully hard for the bachelors.

Mr. Lane: They usually get married.

Hon. Mr. Auld: Even worse for a bachelor.

Mr. Lane: Really, there are ways to control the kind of racket that might develop. I think we should control it before it starts. That isn't what is was set up to do. Surely there are ways to stop that. My people aren't concerned with selling it and making a fortune. They're concerned with buying it and using it for their families and enjoying it. I think there are two classes of people here we're talking about.

Hon. Mr. Auld: It's surprising though, when somebody waves a couple of thousand dollars under your nose, I'm told—

Mr. Lane: I never saw that much money being waved under my nose.

Hon. Mr. Auld: I keep looking forward to it!

Mr. Lane: It just seems to me there must be a way you could put the brakes on that kind of program.

Mr. Havrot: I think we discussed the problems I have up in my riding relating to the same subject we're talking about. One of the problems in the assessing by the Government Services' members in appraising the lots was that they took a blanket appraisal on the cottage lots rather than individually appraising the lots.

For example, I had one of my constituents write and say, "How could I be charged the same price for a lot that I have to take a boat a mile up the lake to get at, whereas another fellow can drive up to the lot with his car?" There are also the distances, as you pointed out earlier, from the various communities. I don't think that was taken into consideration either.

There's one lake up in my area that's very popular, but it's 40 miles from Kirkland Lake. Yet there are other lots in the immediate area that are maybe only 15 miles from the community, yet they're priced the same. The main problem here has been a blanket appraisal on certain areas rather than an individual appraisal on the lots. No lots along the lakes are the same. They're not all going to have sandy beaches and nice lots sloping gently towards the lake. I think this is where the main problem has been, in the appraisals.

Hon. Mr. Auld: You can't just take distance as a yardstick, because there can be two areas the same distance—

Mr. Havrot: The quality of the lake, too, has a lot to do with it.

Hon. Mr. Auld: And individual preference. I find in my riding that everybody wants a king's highway up to about three quarters of a mile from their cottage, then they want a really bumpy road to get in. I can understand that. My island is only approachable from one end, unless you've got a very strong hull. To me, that's an advantage. Nobody's going to come upon us from the west without making a hell of a racket. Perhaps that's not parliamentary—"a good deal of noise."

Mr. Foulds: I just have one other question on this vote, and that concerns St. Ignace Island, about which there was some question a couple of weeks ago. Is it your understanding that that is clearly under title to the Ontario government?

Hon. Mr. Auld: Which?

Mr. Foulds: St. Ignace Island. About 10 days ago, people presumably took it over to

declare it an independent state. I imagine that's under land titles.

Mr. Ringham: Mr. Minister, I know no more about it than what I've read in the paper. I'm waiting for a report from the regional office. They're investigating whether this group has a legitimate claim. It's a matter that will have to be traced back into the records.

Hon. Mr. Auld: Where is it?

Mr. Foulds: North of the Nipigon River, roughly.

Hon. Mr. Auld: On Lake Nipigon?

Mr. Foulds: On Lake Superior, at the mouth of the Nipigon. When that report's been completed, I wonder if I may have the information from Mr. Ringham.

Item 7 agreed to.

On item 8, conservation authorities:

Mr. McGuigan: I had a property question on the south end of Rondeau Bay. It was about two years ago that a developer tried to cut off about 100 acres of the south end of the bay by building a causeway. Mr. Miller happened to be in Chatham at the time and he flew over and put a stop order on it. I don't think we've heard anything about that case since then. Can you tell us where we stand on that?

Dr. Reynolds: This was on the Erieau side, if I recall, in the marsh area. There was some filling going on in the marsh?

Mr. McGuigan: Yes. The sport fishermen are quite concerned. Of course, the owners also are quite concerned.

Dr. Reynolds: I visited there at the time the filling was going on, but I can't seem to recall it. Mr. Foster, do you have anything to say on that?

Mr. McGuigan: What I want to know is, what's the precise status of this?

Mr. Foster: I know there's a stop order. I'm sorry I can't provide any information on the status, but we'll get a report on that for tomorrow.

Hon. Mr. Auld: This isn't the one where somebody was putting in rock and one thing and another supposedly for erosion control?

Mr. McGuigan: No.

Mr. Foster: I think it was a dock development, actually.

Mr. McGuigan: He was actually going to dike off a corner of the bay.

Hon. Mr. Auld: Who was?

Mr. McGuigan: Shank and Le Gros.

Hon. Mr. Auld: That's not the one I was thinking of. We'll find out. Could we wait on this vote until tomorrow to report?

Mr. Chairman: Yes, that's fine.

Mr. Van Horne: Very briefly, on the discussion last week on vote 2502-1 I raised a certain number of issues with the minister. These were issues related to the Glengowan Dam, a proposal which really has a direct relationship with the Upper Thames River Conservation Authority, and secondly, issues that are related in a way through the Ministry of the Environment with the Greenway pollution plant, the sewage plant in the city of London.

When I raised those questions, I must submit to the minister that albeit the questions were raised in the latter part of the evening, as they are raised in the latter part of this evening, the answers I received from the minister were peripheral at best. I would submit to him, as I did last week, that the type of response and the attitude of the ministry have done nothing more than antagonize the city fathers and to a degree the citizenry of London.

I would ask you if you can go back to those points I raised last week, either tonight or tomorrow. If not, would you be prepared to have some member of your staff get in touch with the mayor or members of council to try to remove some of the friction that exists between your ministry and the people in London who are responsible to the citizens for

the operation of the affairs of our community? It is a serious problem, as I said last week. Quite candidly, I don't think you addressed yourself to the questions I raised last week.

Hon. Mr. Auld: It seems to me in essence I said we were involved in sharing a large part of the environmental assessment that is currently going on; that there had been a change in the grant structure from the time the project was originally mooted until today, a very significant one of 100 per cent of the cost of everything over \$30,000 to 50 per cent or more—that could be no more than 50 per cent today—that the environmental assessment would have a very large bearing on the cost because of the property purchases that would be involved; that the estimated cost a couple of years ago was about \$22 million for the dam, and that I couldn't make and did not make any commitment to Her Worship when she met the Premier (Mr. Davis) while I was in attendance.

Mr. Van Horne: You said "when she met"—

Hon. Mr. Auld: It seems to me she had a meeting with the Premier.

Mr. Van Horne: "She" is now a "he."

Hon. Mr. Auld: I know. The mayor has changed.

Mr. Chairman: I just got word from the caucus office that there is a vote in the House. Mr. Van Horne, you will be the first to be heard in the morning at 10 o'clock.

The committee adjourned at 10:28 p.m.

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From the Ministry of Natural Resources:

Anderson, E. F., Director, Lands Administration Branch
 Foster, W. T., Assistant Deputy Minister, Southern Ontario
 Reynolds, Dr. J. K., Deputy Minister
 Ringham, L., Assistant Deputy Minister, Northern Ontario
 Spry, G. D., Executive Co-ordinator, Finance and Administration Group



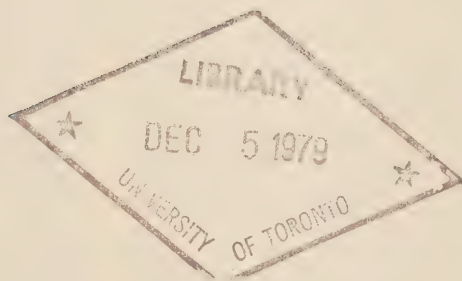
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Legislature of Ontario Debates

Official Report (Hansard)

Resources Development Committee

Estimates, Ministry of Natural Resources



Third Session, 31st Parliament

Wednesday, November 14, 1979

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

WEDNESDAY, NOVEMBER 14, 1979

The committee met at 10:10 a.m. in committee room 1.

ESTIMATES, MINISTRY OF NATURAL RESOURCES

(continued)

Mr. Chairman: The meeting will come to order. I believe the minister had some information he was going to obtain for Mr. Foulds and for Mr. McGuigan before we go on to item 8.

Hon. Mr. Auld: Right. Jim, you were asking about the money for cottage access roads and why there was nothing shown in our estimates. It is a little complicated inasmuch as we do some of these things on behalf of the Ministry of Northern Affairs; so I have asked Tony Clarke, who is in charge of lands and waters, to give you the detail of what actually is provided in terms of money for that kind of work.

Mr. Clarke: Mr. Chairman, this ministry spends approximately \$16.9 million in resource access roads construction and maintenance. Of that \$16.9 million spent by the ministry, \$11.9 million is recovered from other ministries. The \$11.9 million is essentially recovered from the Ministry of Northern Affairs. Of that \$11.9 million recovered from the Ministry of Northern Affairs, \$6 million comes from the Department of Regional Economic Expansion or is funded by DREE.

With respect to summer cottage roads, the reason there is no money in these estimates within the MNR budget is that there is \$445,000 funded by MNA for that particular aspect of the program. What is happening here is, MNA is funding; we are building, but we are recovering from MNA.

You asked specifically about DREE, and you asked specifically about the cottage roads.

Mr. Foulds: Okay. There are two points I would like to make, if I might, Mr. Minister. Well, let me ask a question first. Is the \$6 million in the estimates we are considering now?

Mr. Clarke: Yes.

Mr. Foulds: Well, there are two disturbing things in that it looks like this ministry is putting back on its actual commitment to road access. It is using what we hoped would

be an increased commitment from one provincial ministry, the Ministry of Northern Affairs, to fund a road access program in terms of cottage lots. It is also using federal moneys, which many of us in the north hoped would be add-on money, to fund a program that it funded previously. We are not going to be any further ahead in terms of road access, because the amounts we are spending are roughly the equivalent to last year's estimates when we didn't have these funds available. I find that disturbing and disappointing to say the least.

Hon. Mr. Auld: I think I mentioned last night, and I believe I am correct, certainly in a general way, that the DREE arrangement or agreement that was made last fall really won't show a major effect until possibly the end of the fiscal year, but primarily the next fiscal year. Is that not correct, Tony, because of the time it takes to call tenders and what not?

Mr. Clarke: There will be additional funds in next year's estimates, as a result of the DREE agreements which are currently being negotiated.

Mr. Foulds: But this year it's simply replacement money.

Hon. Mr. Auld: Do you have the figure, Tony, of how much DREE money would flow in the current year?

Mr. Clarke: In this current year, what is budgeted is \$6 million. I am not sure what it was last year. I don't have that information with me, so I really can't answer as to whether it's more or less than last year.

Mr. Foulds: It would be less, surely, because the DREE agreement was signed only a year ago last spring, was it not? So there wouldn't be any in the previous year.

Hon. Mr. Auld: Sorry, I didn't hear—

Mr. Foulds: Well, the DREE agreement was signed a year ago last summer?

Hon. Mr. Auld: No, about a year ago now.

Mr. Foulds: A year ago now. So there wouldn't be any in last year's, because the agreement wasn't signed.

Hon. Mr. Auld: The agreement was signed in the fall of 1978 so conceivably some money could have flowed between whenever

it was—October and April 1, 1979. I would be surprised if it did because of the time lag. It takes a while to get things running and call tenders and get the bills in, but it would seem likely that some—I would think a small amount, might flow in the current fiscal year and particularly between now and April 1 and then, as I said last night, the major expenditures—there, again, it's a five year agreement—would probably take place in fiscal 1980-1981 and 1981-1982.

Mr. Foulds: It is not okay but I am satisfied that I am dissatisfied with what's happening.

Hon. Mr. Auld: We can move on to the next question.

Mr. Chairman: Mr. McGuigan's.

Hon. Mr. Auld: Jim, last night you were asking about the in-filling in Rondeau Bay and the status of the stop order. An injunction was obtained by the ministry in August, 1977, against Robert Shanks, who I understand is a marine construction operator, and John Le Gros to stop the extension of dikes and landfilling into the bay adjacent to the village of Erieau. I understand that their objective was to fill flooded land for agricultural purposes. There had been a number of delays and several hearings of discovery. The matter is now before the Supreme Court fall assizes in Chatham. The trial is in its second day as of today and they are dealing with the question of the location of the water's edge on Rondeau Bay. We expect the court decision in a few weeks.

Mr. McGuigan: I guess in the meantime, you can't make any comments if it's before the court.

Mr. Chairman: Since Mr. Van Horne is not here, Mr. McGuigan to speak on item 8.

On vote 2502, land management program; item 8, conservation authorities:

Mr. McGuigan: Mr. Chairman, I have some concerns arising out of the October flood last year. Perhaps I might explain my concerns since Dover is not in my riding. Across the river part of my riding is the township of Tilbury East which could have been affected as badly as Dover. It was just the luck of the draw I guess that the Dover dikes broke rather than the Tilbury East dikes.

In that connection I would like to mention that a recent news report in the Chatham paper says that they cored the dikes near the Bradley farms. They recently spent about \$30,000 to take an 18-inch wide cut from the middle of the dikes. They found the dikes were badly perforated by muskrat

holes. So in looking for villains in the failure of these dikes I guess we would have to look to the muskrats and the overall complacency that had developed because people felt now they had the ARDA dikes in the problem was largely solved.

At the time a considerable amount of criticism was levelled against the vice-chairman of the Lower Thames Valley Conservation Authority who is also the reeve of Tilbury East. Criticism was levelled at him on his role in alerting the people in Tilbury East and in getting out some equipment and doing a bit of strengthening work on the dikes. I would like to say I believe the criticism was really unfounded because of the circumstances that prevailed.

The chairman of the authority was away on holidays and the reeve of Dover was away on holidays—and they had every right to be. It was just the circumstance that they were away at that time and there really wasn't a flood emergency committee in Dover township to deal with such an emergency, so Ramalier did the only thing he could do; he went to his own township where he had some authority and took some action. He has been vindicated, at least in my view, by this coring work which determined that the real fruit was that the dikes were badly undermined and perforated by muskrats.

I'm concerned in the overall picture that we are going to see more and more of this flooding based upon two facts that can be easily documented. One is that since 1945 our weather has gradually been growing colder and we're faced with more and more ice. Lake Erie this year was almost totally frozen. Lake Ontario for I believe the first time in history, was close to being frozen. I am painfully aware, as a peach grower, it's becoming very difficult to grow peaches in southwestern Ontario simply because the weather is turning colder. I believe unless there is some dramatic turnaround in the weather pattern, we are going to be faced with greater and greater amounts of ice.

I see the former Minister of Agriculture and Food is here and perhaps he would agree the other factor is that we are becoming more and more a cash-crop province, especially as soybeans push into Essex and Kent counties and further north and east across this province. We're getting soybeans now in eastern Ontario and even as far as Ottawa. It means the breakup of former pasture lands; small grain crop lands have been suffering at the expense of soybeans and corn as well. Both of these are bare-land crops—at least, the soil is bare in the winter—so we're getting a great deal more runoff. I

believe we have on the one hand greater quantities of water at the headwaters of all our various water systems and on the other hand we're getting more severe ice conditions.

I'd like to read a few things from the report that are of concern. This is your own report issued in May 1979. "The committee is also of the opinion that a flood warning was not given by the Lower Thames Valley Conservation Authority staff at that time, because of their inexperience in interpreting observation of ice conditions." I don't mean this as any criticism, it's just pointing out that ice is going to be a bigger problem.

They refer to ice jamming. It says, "When the Lower Thames Valley Conservation Authority contacted the captain of the Atomic on March 9 at approximately 1.30 p.m., the captain indicated that he would have difficulty reaching the mouth of the Thames because ice at Lake St. Clair was up to three feet in thickness. The Atomic would need the assistance of a coast guard cutter and the coast guard cutter could only provide assistance to within approximately eight miles of the mouth."

[10:30]

"In assessing the situation, the LTVCA noticed that in 1965 the Atomic had trouble in navigating one foot of ice." Now we're talking about one foot in 1965 and there were three feet in 1979. "It took approximately two and one half days to arrive with the assistance of a coast guard cutter and then an ice jam at the mouth had caused the flooding to 25,000 acres." This was in 1969.

Then, in another reference, "The Dover township flood in March 1979 occurred because thick ice remained in the lower reaches of the Thames River and in Lake St. Clair when the spring freshet arrived from upstream. As a result, ice chunks from upstream and the ice breaking off at the upstream extremity of the ice sheet combined to create a massive ice dam. This ice dam restricted downstream flows resulting in overtopping and eventual breaching of the dikes."

Those are just some references to the matter of ice. One of my points is that it would appear that in the future at least in the Lower Thames they are going to have to have their own system of breaking the ice, preferably an icebreaker on the site, which would require tremendous amounts of money but I think it's something the minister should be looking at and starting to budget for. The other thing is the possibility of using dynamite to break up the ice. There is a matter

of liability, of who would be responsible in case the dynamiting had some untoward effects or someone thought that the dynamiting was reason that they suffered damage.

There's a reference in here to the Municipal Act, that immunity could be granted to people who acted on behalf of the authority in dynamiting and I've been wondering if you are thinking of going ahead and acting upon that recommendation.

Hon. Mr. Auld: Mr. Chairman, there were 32 recommendations of the committee along the lines that you were mentioning, Jim. One of the conclusions and recommendations, 3.4, was that "The committee concludes that the present policy for flood emergency response planning was basically sound and that the roles assigned to the Ministry of Natural Resources, conservation authorities, and the municipalities are proper." There were a number of specific modifications which could be made in supporting measures to improve it. One of them was recommendation 11 "that the Lower Thames Valley Conservation Authority determine the cost effectiveness in using dynamite to remove, and/or, to assist in the removal of sheet ice of various thicknesses at both the mouth of the Thames and upstream."

From that flowed the question of liability of public servants in carrying out their duties and so on. Where that stands at the moment is that the conservation authority felt that cost effectiveness wasn't the problem, it was the methodology, how effective this would be.

As you know, I'm sure, James F. MacLaren Limited was appointed by the authority to do a general study of remedial measures which might be considered including dynamite, including icebreaking and the whole thing. There were three phases of that study, which is still going on as far as I know. I haven't seen any report from it but I think the questions you have raised are ones that will be addressed in that report.

I think it's fair to say it was a good and a speedy report. I was really quite pleased it was done as soon as it was and that there was local representation and that all aspects were looked at. There were a number of recommendations which are in various stages of implementation at the moment.

Perhaps Bob Bugar, who is in charge of the conservation authorities branch, can bring us even further up to date as to when they might be expecting to get the report from MacLaren Limited. It's coming, I assume, in phases. As I recall, there were to be three phases.

Mr. Bugar: There is a proposal now that would be taking into account recommendation five, that the ministry should stage a seminar to attempt to instruct people in methods of dealing with ice management or ice removal when ice occurs and causes flooding. We are proposing that for early in 1980, in January or February, and the report will be an input to that particular seminar. The report would be ready, hopefully, by January.

Hon. Mr. Auld: In connection with the dike, Mr. McGuigan, my understanding is one of the recommendations was that the dikes be inspected, that the various authorities inspect their dikes, which has turned up what you have mentioned. I understand there have been discussions between the Ministry of Agriculture and Food and the Department of Regional Economic Expansion or the federal Minister of Agriculture. We have been having discussions with the federal people about completing or continuing the dike system on down into the lake, or down around the corner, to the mouth and I assume there has been some discussion about repairs. Where that stands, I can't say.

My recollection is that the original Agricultural Rehabilitation and Development Administration program, under which a good deal of that dike was constructed, was done on a cost-sharing basis among the province and the federal government and the individual property owners, but not including the municipalities. What sort of a program and what kind of a cost-sharing arrangement might come out of any repair or further construction, I don't have any details about at the moment.

Mr. McGuigan: I would like to make a point, Mr. Minister. Even if all of the plans on diking are carried forward, it could be to no avail in these hard winters and heavy ice conditions we're having in that the water simply builds up to the tops of the dikes because of ice jamming and then it becomes a question of what is going to let go first—the ice jam or the dike. If the ice is solid, it's going to be the dike. If the dike holds, the water is simply going to back up the river and eventually flood the city of Chatham.

Far too much emphasis has been placed on the dike as a solution to the problem under these conditions, where we have colder winters and more water coming down from the upper reaches. I think we have to turn our attention now to solving the problem of the sand bars and the ice at the mouth of the river.

I wonder if you've really got around to thinking about the cost of having an ice-breaker on site.

Hon. Mr. Auld: I see that Bob is nodding. I would imagine this would not be one we would own, but one we would lease or have available. Perhaps you could comment on Mr. McGuigan's question.

Mr. Bugar: The authority is currently examining the possibility of getting an ice-breaker and stationing it at Chatham. Whether it would be on loan from the federal government, or whether we would have to contract it and rent it, or whether the authority could afford to buy one of their own is being examined in terms of the cost effectiveness of it.

The proposal is certainly being studied and we're trying to figure out the most cost-effective way of doing it.

Hon. Mr. Auld: The federal authorities are the people with authority on the lakes and the ones who do normally carry out the dredging for navigation purposes. I wouldn't want to make any statement today as to costs or cost sharing, other than to say that I think we would be talking to the federal authorities when we get into anything to do with navigation and dredging.

Mr. McGuigan: Just to follow up the point a little bit, I suppose Chatham would be very glad to have—and I would be glad to see them—lake freighters come right up to Chatham and unload grain and other products there. I really doubt if that is about to happen.

Perhaps the province should be thinking more of drainage through the river system than navigation. It may come down to the fact that no one except the province is going to provide the proper outlet at the mouth of the Thames. I submit we're in different conditions and we are going to move increasingly in that direction and that is there is more land cultivated and more runoff than there has ever been before.

Hon. Mr. Auld: Am I right that the area where flooding took place for many, many years was flooded yearly and was not used for agricultural purposes and has gradually been reclaimed over the years by the construction of dikes?

Mr. McGuigan: Oh, yes. But it is very very valuable farm land. It pains me to say this, but I think it's the most valuable farm land in Canada, in terms of yield, in terms of earliness. If we look at the prices it sells for—as farm land, not for other purposes—it's getting up around \$5,000, \$6,000, \$7,000 an acre.

Hon. Mr. Auld: There is no worry about strip development.

Mr. McGuigan: No, not a bit.

I think you've answered my questions. I just wanted to emphasize I think we're moving more and more towards flooding problems.

Hon. Mr. Auld: I guess I would conclude by saying I think it was a good report and that all the recommendations are being followed up. Barring some most unusual weather conditions, I expect we wouldn't have a repetition of last spring.

Mr. McGuigan: I hope so.

Mr. Chairman: Mr. Van Horne, I allowed Mr. McGuigan to proceed until you came. It's your turn now, but Mr. Miller, did you have a question you wanted to ask?

Mr. G. I. Miller: About the conservation authority?

Mr. Chairman: Would you mind, if—Mr. Van Horne, do you have some information?

Mr. Van Horne: Mr. Chairman, I had finished and the minister was responding when we left here last evening. I would like to hear his comments. At this point I have nothing to add, unless I learn something from him today.

[10:45]

Hon. Mr. Auld: I have something more for you today. In getting some details about the environmental assessment, I understand the assessment is considering at least four major alternatives to solve London's dual problems of sewage disposal and flood control and I understand the major alternatives are, first, modification of operations on existing operations; second, upgrading for building of new sewage treatment plants—

Mr. Van Horne: I am sorry, upgrading for—

Hon. Mr. Auld: Upgrading for building new sewage plants. Third, control of non-point pollution sources; the fourth is new diking; fifth is land development regulations and land acquisition; sixth is a major pipeline from the Great Lakes; and the seventh is the Glengowan dam. Until the environmental assessment is completed and a decision is made on which of these alternatives would be the most effective in solving the sewage disposal problem and the flood control problems, there is no formal project.

However, I just wanted to make it clear—I was talking last night and a week ago about the formula we have adopted for subsidy of dams by conservation authorities as being a minimum of 50 per cent; in fact, it is 55 per cent.

Mr. Van Horne: Is that 55 per cent government of Ontario and 45 per cent municipalities?

Hon. Mr. Auld: And 45 per cent municipalities, the authority; plus a supplementary grant, depending on the kind of project. I think it is fair to say we can guarantee there would be a 55 per cent contribution that I would expect there could be a supplementary grant of about a further 10 per cent, which would bring our total to 65 per cent, and that I can see no possibility of going back to the pre-1977 formula which was 100 per cent of everything over \$30,000.

Mr. Van Horne: What conditions might be attached to that 10 per cent supplemental? Could you elaborate on that for me?

Hon. Mr. Auld: I would think that this is based to some degree on the size of the project. There are so many options here that I really wouldn't want to be tied down, because it conceivably might be something less than that, although I doubt it. Conceivably, it might be another few percentage points; but I really can't give you a definitive answer until we know what the project is.

Mr. Bugar: The supplementary grant rate is not subject to conditions. It is a calculation based on a formula which includes the total population of the authority area, the equalized assessment and the size of the proposed budget for any given year. So it is a calculation which would then increase what one might call the normal grant rate from 55 per cent; we have just taken a very rough estimate and it would probably be about 10 per cent in the case of a project of the magnitude of Glengowan.

Mr. Van Horne: Thank you very much.

May I go back then to these seven alternatives? The funding would apply to any of these, or are there any it would not apply to?

Hon. Mr. Auld: I don't think it would apply to upgrading or building new sewage treatment plants, but they really have nothing to do with flood control. That would be something through Environment, rather than through the conservation authority.

For the control of non-point pollution sources, again, I would assume that would relate to perhaps storm outlets, that sort of thing. What else, Bob?

Mr. Bugar: Essentially, the non-point-source pollution is the—

Hon. Mr. Auld: Runoff.

Mr. Bugar: —controlling of the agricultural runoff, plus urban storm-water drainage.

Hon. Mr. Auld: Diking could well be something we would be involved in.

Mr. Van Horne: And, of course, the sixth one.

Hon. Mr. Auld: A major pipeline from the Great Lakes? I don't think so, unless it was to the Great Lakes.

Mr. Van Horne: You're going to steer that stuff to Lake Erie, are you? You aren't suggesting that, I hope.

Hon. Mr. Auld: I wasn't thinking of the stuff, I was thinking of the rain water.

Mr. Van Horne: I have no further questions.

Mr. G. I. Miller: This morning Mr. Foster handed me a copy of a memorandum in regard to Port Maitland's flooding and the Grand River Conservation Authority, and I appreciate the fact he has put this material together.

It points out that serious flooding has occurred more recently in November. The flooding problem has been going on, I guess, to back up a little bit, since 1827. That was the first recorded storm and the flooding was caused by high winds forcing Lake Erie to back up into the river.

The memo contains some recommendations to the town of Dunnville with regard to making a request that an engineering study be undertaken to determine the magnitude of the problem and the cost of the proposed remedial work. The ministry recommends the town of Dunnville contact the Grand River Conservation Authority to determine the feasibility of undertaking such a study.

Is anything further to report on that? Have they done any work on that feasibility study yet?

Hon. Mr. Auld: Are you aware of anything?

Mr. Foster: The only additional word is the ministry will discuss it with the Grand River Conservation Authority and attempt to facilitate whatever seems proper there.

Mr. G. I. Miller: It is caused by Lake Erie. It is obvious that has been the largest offender. Is any funding available from the Department of Regional Economic Expansion or through the Ministry of Intergovernmental Affairs for this program? Do you anticipate that can be achieved?

Mr. Foster: There is one program that Intergovernmental Affairs has operated through the municipal subsidies branch having to do with structures within a municipality. That grant has been 80 per cent.

That sort of opportunity would be looked at in consultation with the Grand River Conservation Authority. There may be opportunities for assistance other than through the conservation authority grant system.

Mr. G. I. Miller: I am just concerned that the town of Dunnville may be carrying the biggest burden of cost and I wondered if it could be spread out. In 1978 the water levels rose by 8.8 feet in seven hours. You can see that is the basic cause and the real problem. There were 22 homes affected in April 1979. Other areas in Ontario have utilized the DREE program to protect agricultural land at the upper end of the lake, and it appears to me that Port Maitland should be able to qualify for that type of assistance, also.

Hon. Mr. Auld: It is interesting, I must say. You say this has been happening for a hundred and some odd years.

Mr. G. I. Miller: Since 1827 when it was first recorded.

Hon. Mr. Auld: Certainly the people involved are very tenacious.

Mr. G. I. Miller: Pardon me, I didn't get the last comment.

Hon. Mr. Auld: Certainly the people are very determined.

Mr. G. I. Miller: I want to make clear, as I indicated before, the Armond Grant family live there. They are in their 70s. They are the ones who have been affected most dramatically. They raised their home to protect it, on their own, and yet they have had three floodings since. They are not in the position, either financially or physically, to do this again. I think it is important, and I am not complaining, that they are making progress on Port Maitland. Also I think we have to record the level to which this house has to be raised so they can be protected.

These recommendations have been made by the ministry and I say thanks for that. There is a lot of potential for future development at Port Maitland, as long as it is done on a proper scale and protected against this flooding problem. Perhaps raising the buildings is the way to solve the problem, but we need some funding to achieve that. That's what I am debating at the present time.

Hon. Mr. Auld: There might be money available through the program of the Ministry of International Affairs. Is that the program for people who were affected; is water on both sides of Lake Erie and Lake Ontario about 15 years ago, five years ago?

Mr. Foster: Five years ago, six years ago.

Hon. Mr. Auld: The old one was a loan program for people who were affected, it was before the dam in the St. Lawrence River was removed, I guess. That is a long time ago.

Mr. G. I. Miller: He also made some other recommendations, like the regulating of the lake level and that has been a kind of ritual issue for some time in Lake Erie. There were four recommendations made concerning to flooding problems. The people living in the flood plain area could be relocated on higher land, the affected houses could be raised, and dikes could be built to protect the flood prone area. I am looking for a solution so Port Maitland can be a better municipality and something we, you and I, Mr. Minister, and Ontario can be proud of, rather than have to contend with the flooding which has occurred three times since 1975.

Hon. Mr. Auld: I am sure you are aware that the maximum and minimum level of Lake Erie is regulated by the International Joint Commission. The problem has been the weather. For instance, the ice last winter and the high winds that raise Lake Erie so rapidly and so much. It is probably affected by this more than any of the other Great Lakes because it is so shallow. I guess that is part of the problem.

Mr. G. I. Miller: I think the wheels are turning and maybe in the long run—and this is not going to happen overnight—but down the road, we can look for an improvement and possibly a solution to the flooding problem there. I would like to say thanks to the ministry and the people who put this together.

I have one other question regarding the conservation authorities. I mentioned the Caledonia dam the other night, Mr. Minister, in regard to the possibility of utilizing it to generate hydro power and you made reference to our critic, Julian Reed's, hydro plant that wasn't working very effectively. I think he discussed that with you.

Hon. Mr. Auld: I recall something, yes.

Mr. G. I. Miller: Apparently it is working much better than you indicated and he didn't really have to put all those fuses in. When I mentioned that to him, it upset him a little bit.

Hon. Mr. Auld: I think that's when he blew a fuse. I apologized for maligning his system and said I hoped to visit it.

Mr. McGuigan: Watts the problem?

Mr. G. I. Miller: Over the weekend I had a talk with the mayor of the town of Haldimand. I suggested that maybe the conserva-

tion authorities could be utilizing the dam for hydro, but after discussing it with the mayor, David Peirson, he indicated that the hydro commission of Caledonia is interested in utilizing the power it may generate. They have done some research and the figures indicated that it may not be feasible. But, again, while talking to our critic, Julian Reed, he said there is new technology.

Mr. Minister, would you take a closer look at that?

[11:00]

And is there any possibility of the Caledonia hydro commission utilizing the power from there in co-operation with the conservation authority? Could you give them the background and details and what it would cost? Is there new technology that would make it feasible and pay over a long period of time?

Hon. Mr. Auld: As I mentioned, we are involved in a pilot project with a small generator that might be applicable in a number of areas where there is a low head. I won't repeat that; I mentioned it when Mr. Reed was here, but I would think, from their point of view, this would be something about which, say, the public utilities commission and the authority might approach Hydro and/or Energy. We don't have the expertise and we don't try to duplicate the expertise in Energy and in Hydro in connection with hydraulic generation. I can't see any objection we would have if the authority wanted to make some sort of a deal with the PUC, although I suppose water rentals would apply.

Normally if water is used for commercial purposes the taxpayers collect water rental, but that is further down the stream a little way. That is the only connection I can see that Natural Resources would have.

Mr. G. I. Miller: Being the former Minister of Energy, are there any other areas you could co-ordinate, from your experience?

Hon. Mr. Auld: I make it a practice only to deal with the ministry I am in.

Mr. G. I. Miller: You don't want to use that former expertise?

Hon. Mr. Auld: As I say, I find that I have enough to do in my current capacity.

Mr. G. I. Miller: But you would support it from your ministry.

Hon. Mr. Auld: As a matter of sort of general government policy we have indicated, and I think the former Minister of Energy indicated on one occasion, that—

Mr. G. I. Miller: Which one?

Hon. Mr. Auld: Me—we should be looking at developing or redeveloping some of

the sites which had become uneconomical when it was a lot cheaper than it is now and is likely to be in the future. And I would agree with his statement on that.

Mr. G. I. Miller: Agree with whom?

Hon. Mr. Auld: My statement.

Mr. G. I. Miller: That makes it a bit complicated.

Hon. Mr. Auld: There was a complicated bit in Hansard about that in some discussions between the Minister of Energy and the Minister of Natural Resources about warm water effluent.

Mr. Mancini: Were you talking to yourself?

Hon. Mr. Auld: I reported it very carefully and accurately and reported that the two ministers had not yet been able to reach an agreement.

Mr. G. I. Miller: Going may be to another area, I think my colleague Jim McGuigan mentioned the dredging and providing that expertise and you indicated that that is a federal problem.

I know of one conservation authority that has a dredge at its disposal. At various times we have had requests for assistance in cleaning out the small streams which provide boat marinas. There is one at Turkey Point and one on Sanddusk Creek down on Lake Erie which have had silting problems and it is expensive to own the equipment to dredge them out.

I was wondering if the ministry would consider getting some assistance—and I know they haven't—to make these better marinas and more accessible to the lake, maybe with a cleanout operation. I think the town of Port Burwell has a dredge. They are given a grant by the federal government and they are operating it themselves. The Long Point Conservation Authority, as I said, now has a dredge and—hopefully with some assistance from Wintario money—they are able to clean up three miles of channel along Long Point. I believe the Turkey Point marina has its own section and is trying to maintain it.

If you want to encourage and give assistance to making marinas better, maybe the ministry could come up with a policy of assisting and helping to provide this service.

Hon. Mr. Auld: There are several points there. First of all, in terms of flood control and flow augmentation in streams, I imagine that pretty well all authorities may have been involved at some time or other in widening or removing constrictions—some kinds of dredging. There are one or two authorities that have established marinas, perhaps be-

cause they wanted to remove boathouses, for a variety of reasons. In some of these cases the province has considered this as part of their subsidizable operating or capital costs.

On the other hand, we are sharing in the costs and I would have some reservations about our using public money to assist a private operator in his private operation. There would be nothing to prevent the authority if they had the equipment, from doing it on a cost-recovery basis. That may well happen in some cases, but I don't think that's the kind of thing we would subsidize, nor do I think it's the kind of thing the authorities would charge back to the municipalities. They have some degree of autonomy in these things.

Mr. G. I. Miller: Yes, I understand that. But getting back to the Thames River, perhaps if the silt was pumped back to reclaim land, rather than dredging and dumping it, you could do two things. You could protect and improve a particular area by building it up and improve the channel because it is silt that is running off which you could sell. It could be a recycled type of thing.

Hon. Mr. Auld: I'm not an engineer, but I know that there are some areas where you have to dredge forever. If you dredge it out and put it on the shore it goes back on the bottom. Sandy areas are a great example of that. But that's a separate matter, as I say. I think we'll be looking into it as to whether it's an entirely a flood control measure or whether it may have some navigation aspects, in which case the feds would be involved.

Bob, is there anything you feel you should add to the question about dredging for a private marina? Do you know of that being done by any of the authorities?

Mr. Bugar: As you've already mentioned, the only case would be if the authority had a dredge they were using to keep the river clear for purposes of flood control; they would contract to some private people on a straight-cost basis if they had the time available to do it. No, I'm not sure that we would be in the business of subsidizing for private marinas.

Mr. G. I. Miller: Again, getting back to the marinas themselves, they do provide a service for the area. They are not big money-making operations but they do provide service. Again, I think some assistance could be given to stimulate that industry so you can keep the private guy in business. I differ with the position that we shouldn't be subsidizing them because it's just assisting them. You assist many areas of industry in many

ways by doing a little something that can make it a better industry.

Hon. Mr. Auld: Gordon, I have to tell you that I have a conflict of interest because I own 20 per cent of a marina and your side might not agree with you.

Mr. G. I. Miller: A private marina? Have you had any assistance along the way?

Hon. Mr. Auld: Unfortunately not.

Mr. G. I. Miller: Okay, that's an unfair question. Again, I want to comment about the cleanup of the waterways.

When I was down along the Gulf of Mexico I observed that they reclaim beaches. They are pumping silt out of there to protect the flooding area, make a better beach and to protect the highways. Again, the ministry has to become involved to some degree and I think that should be given serious consideration. I'll leave it at that, Mr. Minister, and hope you'll make some changes.

Mr. Chairman: Did you have a question, Mr. McGuigan?

Mr. McGuigan: Yes. Although I'm not an authority on conservation authorities, I'd like to point out to the minister what I as an observer see them doing is looking after river valleys and trying to deal with the symptoms of our problems and not really the cures that are needed. I also see them acquiring small plots of land for parks and things of this sort, but they're really not moving back into the farm land where I feel our floods really originate—where our problems come from. I wonder if the ministry has considered an expanded role for conservation authorities to try and get at the root of some of the problems.

One thing that comes to mind which the member for Chatham-Kent (Mr. Watson), in his former capacity, did a great deal to promote was the use of windbreaks; he got a good number of farmers to plant these windbreaks. The seedlings, of course, came from your ministry.

When I look around the county and see the results of those windbreaks, there are some success stories. But, by and large, I think it's a failure. If you look at a row of evergreen trees that may have been planted maybe eight or 10 years ago, it reminds you of something like a hockey player's bridge-work. It's more noticeable by the gaps than it is by the number of trees that survive. The point is those little trees that are about the size of an envelope when you plant them, have an awful struggle to survive against weeds, grass and competing elements. They're very slow-growing trees. So, after seven, eight or 10 years, there aren't very many left.

Those that do make it, of course, are in good shape.

It seems to me we need some sort of a co-operative arrangement. Number one, you plant older trees which are better able to survive. Number two, you need an aftercare system which in many cases the farmers are unable to provide because as we move to larger farms—the average farm in Kent county is 400 or 500 acres and many are larger than that—we move to big equipment and very little help. So in the crunch planting period in the spring of the year which is when these trees need attention, the farmer is out there busy planting his crops. The same happens in the fall when they also could receive some attention; he's harvesting his crops so those windbreaks get neglected. It seems to me we need specialized equipment to cultivate, spray and even plant those trees.

There was a day when the farmer had that when he had the one-row equipment, the small cultivator, but today, with the huge equipment he has—

Mr. Foulds: Mr. Chairman, on a point of order if I might, I know this issue is important to the member and I know that conservation authorities are important, but we have 16 hours on these estimates and we have spent at least eight hours on flooding, flood management and conservation authorities.

[11:15]

With respect, I would suggest to the members of the committee that the resource management program and the outdoor recreation program, which are the next two, are equally, if not more, important.

Resource development is, in my view, the most important development tool we have in the province and we have about three and a half hours left in the estimates, and we may not get to them.

I wonder if we could—

Mr. McGuigan: I'll cut my remarks short.

I just want to leave the thought that plans should be developed to initiate the follow-up on tree planting and other conservation methods out on the farms where the problem really starts.

Hon. Mr. Auld: Through the conservation authority?

Mr. McGuigan: Yes.

Hon. Mr. Auld: They do some of that now.

Mr. Mancini: Could I ask the minister when the Conservation Authorities Act was first enacted? Has there been any wholesale review of the Conservation Authorities Act since 1947?

Hon. Mr. Auld: I think there have been a couple over the years, but there is one which is just about completed at the moment.

Mr. Mancini: They're doing one right now?

Hon. Mr. Auld: It's been going on, the study of the role and mandate of conservation authorities; is it about two years, Mr. Bugar?

Mr. Bugar: The study is about a year old now. With respect to your question, when we have that agreed to and approved I think it will lead to some amendment of the Conservation Authorities Act.

Mr. Mancini: So what you're doing now then is preparing an internal study from which the minister will obtain information and possibly make amendments to the original act, and then he will table this in the Legislature for all members to discuss it. Is that how it will be?

Hon. Mr. Auld: Actually, it's not an internal study. It's really been a public study with the authorities. It's been circulated to the municipalities. As a matter of fact, it's on the agenda for the Provincial-Municipal Liaison Committee's next meeting, which was going to be on Friday but has been postponed until later in the month, to be combined, I understand, with the December meeting.

Mr. Mancini: That's very helpful. I've had the feeling now for some time that a lot of the conservation authorities—as you know, Mr. Minister, some of them have been formed recently; five, six, eight, 10 years ago. Not all of them were—

Hon. Mr. Auld: One was formed two weeks ago.

Mr. Mancini: Not all of them were formed back in 1947. I certainly wouldn't want to be critical, but just to make some observations I've found that some of the conservation authorities really don't know what their mandate is. What they end up doing is moving into areas where they more or less see a need for somebody to act. Possibly the results of these actions would be beneficial to the community at large, but I'm very hesitant to allow anybody which we create through the Legislature automatically to assume they can move into areas of perceived needs.

One of the things I would strongly recommend when we're reviewing the legislation—I hope we're going to review it after this major study is done—I hope we will make it very explicit to the conservation authorities just what their mandate is and what their responsibilities are.

In this very bureaucratic world we have, I find that not only legislative bodies but legislatures themselves have moved into areas

not so much because it is their responsibility but because there is a vacuum and at that particular time they have money to use. That would be the only comment I would make about the conservation authorities in general. I would hope their mandate would be much more explicit in what we expect them to do. Do we expect their function to be to save wetlands? Do we expect their function to be to save shorelines? Do we expect their function, like in Essex, to be to run a very nice park, like the J. R. Park Homestead? Do we expect them to do all these things or do we expect them to do only a few of these things?

I find it causes some confusion amongst the municipalities themselves. I would like to give the minister one example.

In Essex county the conservation authority has perceived a need to protect the shoreline. As all of us can imagine, Essex county is mostly surrounded by water—Lake St. Clair and Lake Erie—and we've had a severe problem with erosion. There certainly is a need there to help the residents combat this erosion problem.

Some municipalities, one I'm absolutely sure of, have turned over their responsibility for the shoreline to the conservation authority. Other municipalities do not perceive that as being the job of the conservation authority or their role in Essex county and they've refused to give the conservation authority responsibility over their shoreline.

Many of the ratepayers are also confused and are not exactly sure of the motives of the conservation authority for wanting to assume this control. I would hope that under the new legislation there would be enough flexibility in areas such as this, where the municipalities and the conservation authority could work together, such as shoreline protection, but where the ultimate responsibility would lie with the municipality to make final and major decisions.

The ratepayers I've spoken to do not want their municipality to lose that autonomy. They're very afraid—and frankly, I agree with them—that their case would not be heard as well at the conservation authority meeting as it would be at the local township council meeting.

I perceive a big problem there as to what the role of the conservation authority is. I'm not exactly sure how we're going to solve it, but I think there should be a better definition of what the conservation authorities are to do and some flexibility in allowing them to carry on joint projects, leaving the final responsibility to the local elected

officials. I think we're going to have to move into that area. I'm afraid if we don't—I can't speak for all conservation authorities—we're going to get bogged down in some battles. And once you do that, that's going to take away from some of the good that the conservation authority is doing in Essex county.

Hon. Mr. Auld: I think there is provision for flexibility. In fact, there are a number of authorities—the one that comes to mind immediately is the Metro authority and the work it's doing on the waterfront, along Lake Ontario, both through erosion control and land development, finding a place to put all the excavated material in downtown Toronto. For instance, along the Humber River they've got large projects where they're creating parks along the river.

There's a great deal of flexibility, inasmuch as the authority can designate the benefiting municipality, either the major beneficiary or the total beneficiary, so that authority will do the work on behalf of the municipality, in which case they do exactly what the municipality agrees to.

Sometimes there may be arguments with a number of municipalities about the division of benefits, but we always need to remember that by and large the municipalities control the authorities. They appoint all the members but three who are provincial appointees and come from the various areas, but really they are there to represent the province rather than the individual municipality.

There may well be some change in the structure of authorities and I think it's fair to say that they were started because of the problems with flood control in the 1940s and the 1950s. To fulfil their original role of flood control they acquired a good deal of land, flood plain land and land to build reservoirs and so on. That got them into the park business, because a flood plain is a good place to have a park. If it floods, people just don't have picnics. Then they branched out into other activities about which questions have been raised.

On the other hand, in conjunction with Natural Resources in terms of forestry and so on, they are doing things which are helpful to us and helpful to the communities and are available to the communities as a result of the authorities doing them, when probably we would not have the resources to do them in addition to our other activities. There are some authorities with not much of a flood problem.

However, their budgets are produced by those representatives of the municipalities

and submitted to us, so it seems to me that in theory at least—and in practice if they want to do so—the municipalities do control what is done. These matters are addressed in the study that's been done so I suspect, assuming that the report is adopted though it may well be changed a little, there will probably be some amendments to the legislation.

Mr. Mancini: I just wanted to give the minister an example of what I consider conservation authorities working in areas which are not their field. In essence—

Hon. Mr. Auld: Would you like a copy of the thing, Mr. Mancini?

Mr. Mancini: Yes, please, if that would be possible.

Hon. Mr. Auld: Since we're about to leave this vote I'll give you mine.

Mr. Mancini: I just wanted to make one more comment just to outline to the members of the committee how severe this problem can get.

We have a highway that goes from Windsor into the town of Amherstburg, highway 18. We've been trying for years to get the highway expanded and it has been expanded in parts; we have four lanes in parts. That western part of Essex county is becoming an industrial heartland and we need a major highway there.

We've been working very diligently—myself and some of the municipalities—with the Minister of Transportation and Communications (Mr. Snow) and we have a program on stream where hopefully we're going to see a four-lane highway built from Amherstburg to Windsor. This will be very beneficial for the people of that community, for their industry, et cetera. And yet the conservation authority, for whatever reasons known only to them, has put in an objection to a four-lane highway being built.

Mr. Minister, under no circumstances do I consider that to be their responsibility. I think things as blatant as that have to be outlined very clearly. It's not their mandate to decide where a four-lane highway should go. It's not going through a marsh; it's not going through a provincial park. There's a highway already established there and what we're doing is expanding it. I think that's a blatant abuse of power.

That is one of my concerns and I just wanted to make sure it was put on the record that, as I said earlier, we need a more defined role for what the conservation authorities should do.

Mr. Wildman: Since we are running out of time, I would like to move that we move

next to vote 2503, item 3—since the St. Lawrence Parks Commission people are here—and that when that is completed we move from there to vote 2504, which is probably the most important vote in the estimates.

[11:30]

Mr. Chairman: All in agreement?

Mr. Mancini: Mr. Chairman I consider vote 2503, item 2 very important.

Mr. Wildman: Mr. Chairman, I certainly agree with that comment. As a matter of fact, I have a great deal of material here on moose management which I would like to raise, but frankly the St. Lawrence parks people are here to be heard.

Mr. Chairman: I intend to do that anyway.

Mr. Wildman: The other problem is if we go and spend much more time—time I would like to spend myself; I know other members of the committee would—on other items in 2503 we probably aren't going to get to mineral or forest management and, when you consider the role of the Ministry of Natural Resources, those are probably two of the most important functions they've got. To be in a situation where we're looking as if we are going to have very little time to talk about either mineral or forest management is very regrettable.

Mr. Gaunt: Mr. Chairman, I would certainly agree with that approach but I consider that vote 2503, item 2, fish and wildlife, is very important as well. I agree with my friend and his comments, but I think we should agree to proceed on the basis suggested, provided we can hold 45 minutes or so for that second item on 2503.

Mr. Martel: How much time is left?

Mr. Gaunt: After today there will be two hours, so we've got three hours as of now.

Mr. McKessock: Are the fish and wildlife people not here as well today? Why shouldn't we proceed as—

Mr. Foulds: If I could just speak to Mr. Wildman's motion, I think I have sat through these estimates more than any other person except the minister and yourself and perhaps Mr. Lane. I too have prepared all kinds of material on fish and wildlife—I mentioned that in my leadoff—on moose management and deer management and fish management, but we have if you'll pardon me for saying so, been futzing around here so we haven't got to this vote—I used the word "we," the committee—we haven't got to the important matters. I am willing, unfortunately, to sacrifice that because I think—

Interjections.

Mr. Chairman: The member for Port Arthur has the floor.

Mr. Foulds: I would agree with Mr. Gaunt's proposal that we try to save at least a few minutes at the end for the item 2 but we do it in that order.

Mr. Martel: May I just speak briefly on the motion? For the future development of Ontario, with resources as a keystone of our economy, we simply cannot bypass either the discussion with respect to mineral management, or to forest management. As important as other things are, none of them hold as much for the future development of Ontario as those two items. In fact they are the cornerstone, not only of this ministry but supposedly of our economy.

Surely we have to get to those items to get at what's going on in both those sectors of the economy. We have to look at them.

I understand the pressures of time, but when you are put to the wall you have to take your druthers when you've only got 16 hours. For some of us the development of the forest industry and the mineral industry in the north, I say to my friend from Nipissing (Mr. Bolan), is fundamental. It's fundamental to proper development of northern Ontario and for the economic future and well-being of southern Ontario, so we must get to those two important items and can't simply shrug them off as much as we'd like to talk about them all.

Mr. Chairman: A system has been suggested—

Mr. Gaunt: Having said all that, I suggest that next year the House leaders try and allocate a little more time for this very important—

Mr. Martel: The House leaders don't; it's what the committee asks for. We simply give you what you ask for.

Mr. Gaunt: We'll ask for more next year.

Item 8 agreed to.

Item 9 agreed to.

Vote 2502 agreed to.

On vote 2503, outdoor recreation program; item 3, St. Lawrence Parks Commission:

Mr. Chairman: I would ask the indulgence of all committee members since Mr. Sloan, the general manager of the St. Lawrence Parks Commission, is here and has 250 miles to drive back. Mr. Rollins, the chairman, is also here. I do not think that will be too long. Then you'll continue on with your regular discussion. Mr. Rollins and Mr. Sloan, will you come up?

Hon. Mr. Auld: We'll then go to item 2?

Mr. McKessock: Do we go back to fish and wildlife then, after supplementaries?

Mr. Chairman: I think items 1 and 2 will follow this, as agreed this morning. We'll have 45 minutes on that at least and then we'll go to the other vote.

Mr. Foulds: That wasn't the motion. There's a motion before this committee that after this vote we go to resources and then—

Mr. Wildman: If I may, there is a motion on the floor. I agree with Mr. Gaunt and with other members who've said that fish and wildlife is very important. As a matter of fact, my own position is that I've made a number of commitments to people in my riding that I would raise concerns with regard to moose and deer management.

However, the proposal made was that we would go to the St. Lawrence Parks Commission first and from there to the other vote, and then back to fish and wildlife, I thought.

Mr. Martel: I think we have a compromise.

Mr. Chairman: Just a minute: I like to be fair. After all, there are personnel here with fish and wildlife. If we're going to skip all over and have these people here and not put them to use or to ask questions, you're going to have things completely out of kilter.

Mr. Martel: We have a compromise worked out. I just spoke to Mr. Gaunt.

Mr. Chairman: I say agree among yourselves. I'm not telling you what to do.

Mr. Martel: Mr. Gaunt, I think we've reached an agreement that we will finish St. Lawrence Parks Commission because they're here and as soon as we've done that we'll finish up today with fish and wildlife, leaving mineral management for tomorrow. Is that agreeable?

Mr. Chairman: Is that agreeable?

Mr. Gaunt: Can we agree on a time division between St. Lawrence parks and fish and wildlife—perhaps 50-50?

Mr. Martel: Sure.

Mr. Samis: I have a few questions. I suppose, Mr. Sloan, you'd prefer to answer them. First of all, do you have any figures on the park attendance for this year?

Mr. Sloan: Yes, in camping we had in excess of 100 camper groups, approximately 100,000; at the village, 352,000; at Old Fort Henry, 194,000; and in excess of 20,000 green fee payers at the golf course.

Mr. Samis: In terms of projections, last year I believe total park attendance was 2.3 million. The previous year was two million. Would you estimate that it'll be up this year?

Mr. Sloan: Yes, to just a little over three million.

Mr. Samis: It'll be over the three million mark.

In the accounts here it says that out of \$7.9 million, \$4.9 million would be for salaries. How many employees is that for?

Mr. Sloan: We have an approved complement of 132 and we run about 650 seasonal.

Mr. Samis: How would that compare with last year?

Mr. Sloan: Just about the same; no change.

Mr. Samis: I see by last year's figures we're talking of a deficit of approximately \$4.2 million.

Mr. Sloan: Yes, this year we'll recover about 46 per cent of our expenditures.

Mr. Samis: What would you estimate the deficit will be this year?

Mr. Sloan: About \$3.7 million.

Mr. Samis: Is that based primarily on the increased attendance?

Mr. Sloan: Increased attendance, increased sales at our merchandising areas primarily.

Mr. Samis: What would be the size of the deficit for the year 1977-78?

Mr. Sloan: In 1977-78, gross revenues were \$2.8 million. In fiscal year 1978-79, as you know, it was \$3.3 million, so there was an 18 per cent increase in revenue between 1977-78 and 1978-79.

Mr. Samis: I'm interested in the deficit for 1977-78, compared with what you're projecting this year and last year, just to get some handle on the size of the deficit and what's happening to it over the last three years.

Mr. Sloan: It's decreasing.

Mr. Samis: Can you give me an actual figure for 1977-78?

Mr. Sloan: I don't have the 1977-78 actual expenditures, but I can get that for you.

Mr. Samis: Can you give me a ballpark figure? You said \$3.7 million this year, last year \$4.2 million. Would it be less than 1978-79?

Mr. Sloan: Yes.

Mr. Samis: Substantially?

Mr. Sloan: In 1977-78 it was \$7.2 million.

Mr. Samis: And revenues?

Mr. Sloan: Revenue in 1977-78 was \$2.8 million.

Mr. Samis: That's \$4.4 million approximately, eh? So we're talking about \$4.4 million in 1977-78, \$4.2 million in 1978-79 and for 1979-80 you're projecting in the realm of \$3.7 million. Is that right?

Mr. Sloan: Yes.

Mr. Samis: How does that size of deficit compare with other parks commissions in terms of your overall budget?

Mr. Sloan: Other parks commissions operate completely differently so you can't compare.

Mr. Samis: What would be the main differences in the St. Lawrence Parks Commission and others of approximately equal size? I realize it's difficult to single out one as a good basis for comparison.

Mr. Sloan: The Niagara Parks Commission generates all its revenue and receives no funding through the Legislature. They get water rentals, et cetera. Of course, their operation is of a different nature to that of the St. Lawrence Parks Commission.

Mr. Samis: Are you satisfied with the amount of revenue this year?

Mr. Sloan: Yes.

Mr. Samis: In terms of your patronage and sources of income?

Mr. Sloan: Yes.

Mr. Samis: What are your plans for the Upper Canada theatre? There's been some mention in the Cornwall press, for example, and in other places, about trying to locate the theatre closer to Upper Canada Village to make it more accessible and give it a higher profile, even though this year was a successful year in terms of patronage.

Mr. Sloan: The Prince of Wales Theatre Incorporated has a three-year lease on commission lands. They have one more year to go on that. By the end of this year the commission will be meeting with that corporation to discuss its plans for next year and the future.

Mr. Samis: Are you receptive to the idea of a change in locale?

Mr. Sloan: That was the initial proposal and it was unacceptable to the commission. The way a commission operates, they're always open for negotiation and discussion with anybody.

Mr. Samis: Could I ask you about the revenues and patronage of the airstrip and the golf course and plans for the development of both?

Mr. Sloan: We exceed our expenditures at the golf course by 21.9 per cent. The golf course in itself is self-sustaining.

Mr. Samis: How would that compare with the previous year?

Mr. Sloan: About the same.

Mr. Samis: Are you still advertising in the Montreal media?

Mr. Sloan: For the golf course?

Mr. Samis: Yes.

Mr. Sloan: No, we didn't this year advertise the golf course per se, although we did advertise the commission's resources, of which the golf course is an integral part, yes.

Mr. Samis: How about the airstrip?

Mr. Sloan: We'll be starting a campaign on the airstrip, which has just been improved. We've already started, in reality, contacting flying clubs, et cetera, encouraging them to take advantage of the new improvements at that facility.

Mr. Samis: How was the patronage this year compared to the previous year?

Mr. Sloan: It was under construction, as you know, and didn't reopen until about Labour Day, so we don't have a handle on it.

Mr. Samis: What is the actual size now?

Mr. Sloan: Three thousand feet—2,800, to be exact, with the threshold.

Mr. Samis: Where would you be trying to draw from, to utilize that strip?

Mr. Sloan: Ontario, the rest of Canada, the surrounding provinces, Quebec and northern New York state. We have a lot of inquiries from flying clubs in the United States coming to Ontario and using our facility.

[11:45]

Mr. Samis: One final question. Could I ask what you're doing in terms of the general St. Lawrence Seaway Valley Tourist Council, what sort of liaison you've established and what sort of joint efforts you're making to promote the parks commission and the area?

Mr. Sloan: A member of my staff is a member of the directorate of the Seaway Valley Tourist Council and we attend all meetings. We assist them wherever we can in the promotion of the Seaway valley, of which we are an integral part and feel it is very strongly in the commission's mandate to promote not only our own resources but private enterprise.

In fairness, I think there's good liaison with the council. I personally attend meetings of the Eastern Ontario Travel Association, which is the umbrella organization.

Mr. Samis: One final question, Mr. Chairman. Could you report on the incidence of vandalism this summer compared to previous summers?

Mr. Sloan: I don't have the final figures on it, but from what has come across my desk, I would surmise that vandalism prob-

ably did decline. I don't have a final report on that.

Mr. Samis: Marginally, or substantially?

Mr. Sloan: Marginally.

Mr. Bolan: I just have one question, I am informed that the airstrip which is east of Morrisburg and across from the St. Lawrence Parks Commission has been paved, has been hardtopped this year. Is that right?

Was this a project of the parks commission, or was it the Ministry of Transportation and Communications?

Mr. Sloan: It was a project of the Ministry of Transportation and Communications.

Mr. Bolan: I see. What input did the parks commission have to it?

Mr. Sloan: It was on a cost-sharing basis —80-20.

Mr. Bolan: Who paid what?

Mr. Sloan: The commission will be paying 20 per cent.

Mr. Bolan: How much did it cost to surface the airstrip?

Mr. Sloan: The improvements to drainage, the extension of thresholds and the paving will be in the order of \$300,000.

Mr. Bolan: Was there any need shown for the paving and for the improvements made to this airstrip, particularly the paving?

Mr. Sloan: I would say yes, or the commission wouldn't have agreed to proceed as a partner with MTC. The commission itself had been receiving inquiries from flying clubs who just weren't using single-engine aircraft. There had to be some maintenance done to the grass airstrip. The surrounding municipalities will take advantage of the extension of the airstrip and the improvement, so it is not only to service the parks commission's needs, but the area municipalities.

Mr. Wildman: I just want to say that I spent some time staying at some of the parks this summer with my family and we enjoyed it very much. Your staff was very helpful and courteous. I would like to compliment you on it.

Mr. Chairman: Any more questions?

Item 3 agreed to.

Mr. Chairman: We revert to item 1, recreational areas. Mr. Gaunt?

Mr. Gaunt: No, I'm on fish and wildlife.

Item 1 agreed to.

On item 2, fish and wildlife:

Mr. Gaunt: Mr. Chairman, I'm going to be very brief. I appreciate the opportunity to say a few words on the splake program.

I'm sure the ministry knew this was going to be a topic of some discussion.

I guess the question is to splake or not to splake, as far as the ministry is concerned. I guess they've made that decision and they're going to splake regardless of what the facts show. I want to put, if I may, in a few brief moments the concerns of a lot of people about the splake program. There are a lot of concerns. To say the least, the natives are restless up there with respect to the splake program.

I think it's fair to say that tourism is a very valuable part of the economic base in Huron and Bruce and Grey, and even in Manitoulin. But the Grey-Bruce area has been essentially deserted by anglers during the summer. From our point of view, to add injury to insult, a new and lucrative summer sports fishery is being developed on Lake Ontario, based on the lake trout whose natural habitat is Lake Huron and Georgian Bay.

I understand that centres like Burlington and Oakville have got a blossoming tourist industry, because anglers are going there and catching these fish under a sports fishery program. The irony is that when they catch them they can't eat them because the permissible levels of PCBs are too high. At the same time in Lake Huron and Georgian Bay, where the waters are clean and unpolluted, we are going with an entirely different program which over a 20-year period—and you may argue with that, you may say it is 10 years—but essentially it is 20 years, because that is the time the ministry has been involved in the program right from its beginning. You dealt with it on an experimental basis first off and then in the last 10 years you have been really serious about it. You really went gung-ho and did a lot of stocking. Stocking to the extent of about five million yearlings and in some cases adults.

I want to tell you, we have a lot of concern about that program. We see things like the ministry stocking Lake Ontario with 200,000 lake trout, but while it is great for the people who want to catch them, you can't eat them. You can't eat them because the lake is polluted. You can only eat two or three pounds of the fish a year because that is the permissible limit as set out by the Ministry of the Environment because of the high levels of PCBs and other contaminants.

We have a lot of concerns. I think one of the Manitoulin groups indicated to the ministry that in their view there were eight good reasons why the lake trout restocking

program should be reintroduced. Let me run over them very briefly for you.

Lake trout were in Lake Huron naturally; a residual supply of original lake trout is available. The original spawning beds are in excellent condition. Lake trout existed naturally adjacent to all communities on both sides of Manitoulin. Lake Huron waters off Manitoulin are clean, unpolluted and suitable for lake trout. Lake trout tend to stay near the area planted. Lake trout have a long angling season extending from January 1 to September, which would extend the tourist season. Re-establishing lake trout in Huron would relieve the angling pressure on such species as bass, pike, perch and pickerel, which are already in the lake.

Those are the eight points. At the same time, they set out their concerns with respect to the splake program. May I say from a layman's point of view that I have to side with some of those concerns, because we haven't been able to catch any splake; unless you have a four-cornered hook, you can't catch the things. You just can't get them. No angler can get them, although I gather this year—I got to the Natural Resources office in Owen Sound only this morning—and right now there are a few anglers catching them up in Owen Sound and Wiarton, because the ministry has gone to the back cross, the 75-25 cross. Apparently the fish are surviving better and the ministry is now showing some signs of success with that program. But it's been 20 years.

You've spent a lot of money in your search for a variety of fish which could withstand the lamprey—and I believe that's why you originally went to it, plus the fact that there were large takes by commercial fishermen—large takes, particularly in the spawning period when they should not have caught them. Other than that, the lamprey was the big problem. You wanted a fish that would withstand the lamprey attacks so you moved into this hybrid, this test-tube fish program.

Maybe that had some validity at the time. I know that the ministry feels it did have. But there is, if I may use a pun, a lake of difference between Michigan's program and Ontario's program. Michigan is using a put-and-take program; Ontario is depending on natural reproduction methods and the things are not reproducing naturally apparently, because when they get to two or three pounds, they just seem to vanish. They seem to disappear. They drop out of the bottom of the lake and they are gone. I just can't quite understand why the ministry has stuck with the program so long in face of the evidence.

I was trying to sort out some rationale for this. It boggled my mind as to why the ministry would stay with that program for so long until I read the report of a meeting sponsored by the Owen Sound Chamber of Commerce at which there were a number of Natural Resources people. They had a panel and the report of the comments that came out of that panel were as follows. Consider what some of these illustrious gentlemen said during the evening.

"If you want to take fish out, you will have to put fish in."

"No, this lake is not protected from the commercial fishermen or angling pressure to any great extent once it has been stocked. It may take four or five generations for hatchery fish to revert to a wild state." Well, that is fair enough.

Then the most interesting of all: "We have a Conservative government and you vote Liberal. You should realize what effect your opinion has in forming ministry policy."

Mr. Bolan: That's a shame. That's terrible.

Mr. Wildman: Who said that?

Mr. Mancini: Who said that?

Mr. Gaunt: One of the ministry staff apparently, because they were on the panel.

What are you doing to us? Are you inflicting this splake program on us as a form of punishment?

Mr. Wildman: They are Liberal splake.

Mr. Gaunt: Are you putting us through a kind of a fleshless purgatory because we vote Liberal? I mean I cannot understand it. We'd rather burn at the stake. At least it would be fast. It would take us out of our misery.

Mr. G. I. Miller: Are we second-class citizens?

Mr. Gaunt: This is prolonged agony we cannot stand. I just cannot understand it.

Hon. Mr. Auld: It's like a four-pronged hook. You've got to try kindness.

Mr. Gaunt: Up until now we might as well have been out there looking for passenger pigeons. We couldn't find any of these things. They just weren't around.

I would really like to pose some serious questions to the minister. Are you going to carry on with this program? How much longer are you going to carry on? How much has it cost you to date in terms of experimentation, in terms of stocking, in terms of hatchery time? These are a few questions that are being asked and we can't seem to get any answers.

Are we going to get a big breakthrough in this thing in the near future? I hope so.

Meanwhile, you continue to stock Lake Ontario that is too polluted to eat fish out of. You continue to engage in this program where we could develop a good sports fishing industry and do it on an adequate basis where people can come up and fish and when they pull them out of the lake they can eat them because they are clean. They're not polluted.

I pose those questions because I think the serious concerns of people expressed in that area are valid from my point of view, based on the track record so far. Now if, all of a sudden, you are going to have a vast improvement in the whole program to the extent that splake are coming out all over the place on everyone's hook, great. I am all for it. But so far I ain't seen it, Mr. Minister, and I am concerned.

[12:00]

Hon. Mr. Auld: Mr. Chairman, I—

Mr. Lane: Mr. Chairman, can I ask a supplementary so the minister will have to answer only once to save time?

Mr. Chairman: Okay.

Hon. Mr. Auld: Sure.

Mr. Lane: It is the same thing really I wanted to talk about.

Mr. Wildman: These are Conservative splake.

Hon. Mr. Auld: I should say that to my knowledge there had been no study but my guess is that the fish show no preference.

Mr. Wildman: They don't like anybody.

Mr. Chairman: Mr. Lane.

Mr. Lane: Thank you, Mr. Chairman. I have a lengthy brief here which Mr. Murray Gaunt has referred to from Gore Bay and area fish and game club. I won't saddle you with what is in the brief because Murray has pointed out eight of the main items. I am sure that the ministry would have a copy. If you don't I'll give you mine. This brief does have the support of the game and fish people at Little Current at the other end of the island and also the support of the municipalities.

It is a serious situation, as Mr. Gaunt has pointed out. Certainly he's getting a lot of flak about it and I am getting a lot of flak about it and our tourist dollars are going someplace else. Just in the interest of time I might just read a brief letter written by my kid brother who is the other politician in the family and happens to be the mayor of Gore Bay. He says it better than I might say it and in much less time. This is addressed to Mr. Arbuckle, district manager, Natural Resources, Espanola. He says:

"Dear Sir:

"I have read the brief being sent to you by the Gore Bay and area fish and game club regarding the stocking of lake trout in Lake Huron and North Channel waters. I would like to confirm that this request has the full support of the Gore Bay council. I might say it has the support of the other municipalities in Manitoulin as well.

"We have watched with interest the stocking program which the Americans have been carrying out with the salmon, lake trout and brown trout. There is no doubt that their programs have been successful beyond their expectations. On the other hand, we have the Canadian program of splake and kokanee which I believe we must now admit has been somewhat less than successful.

"We have also watched while American tourists flock to northern Michigan to take advantage of the great sports fishing. I believe it is an understatement to say that this has seriously affected the tourist industry on Manitoulin Island. Also, when we read of the thousands of lakes that are being killed by acid rain it would seem logical that the angling pressures on the clean waters of Lake Huron will be much heavier in the future.

"With all of these thoughts in mind, it would seem that there is some urgency for the Ministry of Natural Resources to begin restocking programs along the lines suggested by the Gore Bay and area fish and game club.

"Sincerely yours, the Mayor."

I think he states it, as I say, very concisely. Now there was a meeting in Manitoulin recently. I wasn't notified about it until 5:30 on the afternoon it took place and I wasn't able to attend. I understand that your people were able to get across some fairly strong points to the people who attended the meeting indicating that this program we have been embarked upon over a long number of years is about to pay off.

Mr. Minister, I am not one to want to throw the baby out with the bath water. If this is the case, if all of our experimental efforts and dollars spent are going to be producing results in the very near future and we will be able to get back in the game and compete with Michigan, then that is great. I certainly think that we shouldn't throw away our taxpayers' dollars.

I don't think anybody is blaming anybody for the experiment. I think it was necessary, when the lamprey were taking the trout out of Lake Huron. We had to do something. Everything doesn't always work for us. We have to admit that sometimes things are

failures and if that is the case, then let us not flog a dead horse. Let us get on with something that is going to prove more viable and more acceptable.

I would like to hear your comments. Thank you, Mr. Chairman, for allowing me to make that comment because it saves the minister some time.

Mr. Gaunt: Mr. Chairman, may I just say that I am going to have to be excused; I have a luncheon appointment at 12. May I make one parting shot? I would urge the ministry to try failing at something that has a better chance at success. I think that in that respect, if you moved to the lake trout program of restocking at least you could be sure, with the lamprey now no longer a problem, that it would be a successful program. It is as simple as that.

Hon. Mr. Auld: Mr. Chairman, perhaps—

Mr. McKessock: Mr. Chairman, I have some questions—

Mr. Chairman: You people have allowed 15 minutes for the third party this morning. Mr. Wildman has to speak. I let Murray ahead of you, I realize that, but—

Mr. Wildman: I'll try to be quick.

Hon. Mr. Auld: You want to talk about the same subject.

Mr. Wildman: No, I wanted to expand on lake trout a little. If you want to reply, I can—

Mr. Chairman: Mr. McKessock wants to speak on the same problem.

Hon. Mr. Auld: Perhaps we'd better do them all. I am going to ask Ken Loftus, the director of the fisheries branch to reply.

Mr. Chairman: Okay, make it as short as you possibly can.

Mr. McKessock: Mr. Chairman, I certainly endorse what Mr. Lane has said on the splake program. I also want to discuss sport fishing in our area. I am sorry that we have such a short time but it appears that this area is being shunned in this committee, as it is being shunned by the government.

Coming from Grey county and the area of Meaford, Thornbury and Owen Sound where we have a large number of spring-water creeks, rivers, and a large shoreline, it is no wonder that sport fishing is of great importance to our area. I have a couple of files here full of correspondence from the Sydenham Sportsmen Association, the Owen Sound Chamber of Commerce and various other individuals and associations who are very upset and concerned about sport fishing in our area. I wouldn't say it is nonexistent

but when you look at Michigan, it is certainly a far cry from what they have.

There are editorials here in the papers that say, "Ontario Was Tops, Now Michigan Is." It shows how we have fallen behind in our sport fishing program and how they have gone ahead. Of course, they tried the splake and they dropped it.

I would like to congratulate the ministry on their new Strategic Planning for Ontario Fisheries program. You mentioned this on page 31 of your opening remarks, the last paragraph where you state, "rehabilitation of degraded fisheries habitat throughout the province is a top priority." I wonder how much of this \$2 million to be spent on this program this year is going for planning and how much is actually going for fish. That is what we are concerned about.

With the unsuccessful splake program and the lack of year round fish in our area, surely the pressure put on you by the different associations in the Georgian Bay area and the fact that our area has been designated a four-seasons tourist area by the Ministry of Industry and Tourism should put more emphasis on that area and on its sport fishing program. We have the tourists there. Why should they have to leave and go to Michigan for their sport fishing?

I hope a lot more money is not going to be wasted on the splake program. I was at what they called the Great Splake Debate in Owen Sound on September 18, and the ministry did a good job of presenting their case that night. It was felt by at least some there that the ministry should be given another year's try because of the slight improvement in this year's splake fishing. But it certainly wasn't endorsed by the fishermen. They feel they have had enough of the program and, as you know, want you to move into the stocking of brown and lake trout.

This isn't just a hollow noise from our area. They are looking at sport fishing in great depth. In May of this year the industrial commissioner of Owen Sound, Stephen Bitten; Clarence Graham, the president of the chamber of commerce; Gary Parkin, the chamber of commerce director; Sun-Times editor, Mr. Twaddle; outdoors columnist John Wright; and Arnie Clarke of the Sydenham Sportsmen Association, who have been pushing this, all flew to Alpena, Michigan to see what was actually going on in their well-advertised and successful sport fishing program. So they haven't just been talking. They have been going to find out what this is all about.

They found that in Alpena, the waters were stocked with brown and lake trout.

They found parties flying in there all the time to fish with two fully stocked marinas; the spinoff business—and this is what we wanted in our area—was fantastic.

I feel complaints of the sport fishermen in our area are legitimate because they just haven't been getting the fish they should from the waters. The ministry should take a long look at this. If they are going to continue the splake program for another year, in conjunction with that, I think, we should move into planting brown and lake trout as well. Then if the splake doesn't turn out in another year, we are on our way with the brown trout planting. The brown trout planting should be there anyway.

You also mentioned in your opening remarks—on page 32, at the top of the page—that a valuation is being made of our fish culture capability to produce fish artificially. I would hope you wouldn't need much study to know that you can produce fish artificially. It is being done now by yourself and by private concerns. You have mentioned that you haven't got enough hatchery space, but should we move in and build more hatcheries or should you contract this out to private enterprise? There is a new fish hatchery within a mile of my home and I am amazed at how many fish one can produce in a room this size, thousands. So there is no problem about getting the fish. If you just say to these people you want fish, you are going to get them and you can get them by the thousands, in a hurry. We could stock these waters without too much trouble and fairly quickly.

I am not sure it shouldn't go out to private hatcheries. At the meeting in Owen Sound when they made their hatcheries statement I was amazed how much Natural Resources had advanced. I hope they've advanced over the last few years because they once said they used the small males to fertilize the eggs because they were easier to work with. Any farmer would know that to increase his productivity he would keep the large males or the large females to get better stock. My neighbour who is growing fish figures he can increase that breed, or any breed, by 30 to 50 per cent in a really short time, based on his stocking program and by using the proper males and females.

Mr. Gaunt mentioned that these splake were dropping out of the bottom of the lake for something. Maybe there is another place where they are going. I just got a copy of his letter written to you on November 9. Maybe you haven't received it yet. It refers to a commercial harvest of rainbow trout and splake from Owen Sound Bay.

Have you got this letter? It is from the Sydenham Sportsmen. It is a short letter and I would like to read it to you because these fish may be going someplace else.

Mr. Chairman: Please do not take too much time.

Mr. McKessock: Okay. But I want to make sure that you are aware of this. This is to the Honourable James Auld from the Sydenham Sportsmen Association.

"Dear Sir:

"On behalf of the 250-member association, I wish to draw to your attention our concern over the enclosed Owen Sound Sun-Times news media release on Mr. Jack Howell, a local commercial fisherman, who was apprehended by one of your ministry's enforcement officers in possession of illegally caught rainbow trout and undersized splake from the west shore of Owen Sound Bay.

"Our association has never been receptive to commercial fishermen, even during the days of the Georgian Bay lake trout demise which they unquestionably contributed to, and this latest caper right in our own sports fishing bay by a licensed netter has only served to undermine the so-called 'honest image' that the commercial netters are trying to project. Although no concrete evidence is available, we feel justified in our opinion that the 100 splake and 42 rainbow trout possessed by Mr. Howell is just a small sample of the plundering taking place along the west shores of Owen Sound Bay.

[12:15]

"We realize, as one of your staff stated, that the ministry has neither the manpower nor the money to effectively police commercial fishermen. It would appear that the enforcement role of your ministry really isn't an important issue in the light of the facts that the total number of Ontario's conservation officers has essentially remained unchanged over the past 30 years.

"Common sense dictates that successful fish and wildlife management is dependent to a significant degree on effective enforcement. In short, it is our opinion that more enforcement staff is required in the field to control situations like the illegal harvest of game fish and undersized splake by the commercial netters. Owen Sound Bay is for sportsmen—not commercial netters. Since your ministry is attempting to establish a much-needed secondary fishery in our waters, it seems odd that the commercial taking and marketing of splake is permitted.

"Our bay should be completely closed to the commercial harvest of any fish in the light of the questionable activities of Mr.

Howell. We understand that upon conviction Mr. Howell's licence would automatically be revoked and renewed only if a favourable decision were reached at a subsequent hearing if requested by Mr. Howell, or upon your decision to renew the licence should the hearing board rule against him.

"As a result of Mr. Howell's performance we could not support any decision to allow his netting operation to resume in our waters and would therefore object strongly to any decision that would lead to this situation.

"Your staff has stated that commercial and sport fishermen can fish in harmony and that illegal fishing by commercial fishermen isn't a problem. As long as gill nets are permitted in the Great Lakes resulting in the exploitation of game fish and the newly-introduced species such as the splake, anglers and organizations such as ours will continue to press for the demise of the commercial fishermen."

I'll end my remarks there, and I look forward to hearing the minister's comments.

Hon. Mr. Auld: As I started to say, I would ask Ken Loftus, the director of the fisheries branch to comment on the questions and proposals that were put forward. I just might say that for many years Mr. Loftus was the district biologist in Sault Ste. Marie. One of the many areas in the province that he's familiar with is the area that we're talking about.

Carry on, Ken.

Mr. Loftus: These are large questions and a large answer is required. I'll try to be brief.

One of the assumptions that most people make, and I hope a proper one, is that the sea lamprey will remain under as tight control as it now is in Lake Superior and Lake Huron. I hope that's a fair assumption. There are risks involved. There are lamprey out there and there will continue to be. It continues to be a consideration in a program of rehabilitation.

Another assumption that is made quite commonly and understandably is that because there are two isolated stocks of lake trout left overall in Lake Huron, that these can be considered as a viable source of young fish to re-establish the lake trout population in Lake Huron.

Without going into detail, I suggest that neither of those stocks are capable of doing that from the point of view of size alone and probably also because they are discrete stocks. Our experience over a long period of time in Lake Superior with lake trout rehabilitation using stocks of lake trout from Lake Superior has not resulted in

guaranteed reproduction by the planted fish. The business of achieving our objective of natural reproduction over the long haul, which is the economic way to go, is much more complex than a matter of growing fish at whatever density and planting them.

The splake research program was undertaken when the sea lampreys were not under control and when we did not yet have a method of controlling them. Our objective was to develop a stock of fish which could maintain itself by natural reproduction but which would have an advantage over the native lake trout of being able to reproduce at an earlier age.

As you know, the lake trout in the upper Great Lakes begins to reproduce at about age seven and that was the principal characteristic which made it vulnerable not only to exploitation but to the sea lamprey's predacity. They wiped them out before they reached that age.

The research program that was designed was one involving fish genetics, about which very little was known at that time. It is a science that is still in its infancy and we wish that we could catch up to where they have arrived in agriculture and horticulture and that sort of thing. Some day, I hope, we will.

The experiment that was designed in order to produce an early maturing lake trout, essentially by hybridizing brook trout and lake trout, was by design a 12-year-long experiment. We had to select the young from four succeeding generations. We were looking for reproduction at age three. Four times three means 12 years. Hence, there was 12 years of research in the lab.

The progeny resulting from that four years in the lab was transferred to the Chatsworth hatchery. These then became the brood stock from which we hoped to undertake large-scale plantings in Lake Huron for rehabilitating the trout population of Lake Huron. We had international agreement and endorsement on this procedure.

As it turned out, two things happened at that time. One, we found ourselves with a disease problem in Chatsworth hatchery so that the initial small plantings we made from that brood stock were sick and did not survive well.

Two, after a series of about three plantings and checking the returns, we also concluded that we had too much of the early maturing characteristic in the fish. That is, they were going through the reproduction act not at three, as we had hoped, but some at two and some even at one. This, of course, is a characteristic that's tied to a short lifespan.

We undertook the back cross. We also undertook cleaning out our brood stock and

the whole hatchery in order to produce healthy fish.

The first and substantial planting of those back-crossed splake, which you can call more properly still an early-maturing lake trout, is now in the lake. It went in as a healthy bunch of fish and it has produced the kind of results that have been reported during the current year and it gives us a great deal of hope that it will indeed be successful as we had hoped it would be in the beginning. We've learned things in the process. I think they'll pay off in a lot of different ways. I think they are now paying off in this rehabilitation program.

We certainly share the concern of local people and our objective is exactly the same—to get a healthy fish population out there as a base for resource users. The rate at which we can do this depends not only on the health of the fish that are planted but on the number of fish that are planted. We in Ontario are a little short of outside help in order to tackle the major job of rehabilitation in the Great Lakes as rapidly as we would like.

On the US side they have a lot more muscle than we do. As a matter of fact, all of the lake trout that are planted on the US side are reared and planted by federal facilities—not to complain.

We have been concerned about the performance of the sick fish. We have been constantly monitoring the performance of the several strains that have been selected in the process. And I think the second in a series of matched lake trout and the splake—lake trout back-cross is now in place in South Bay. We don't have a lot of fish, but we thought we needed the exact kind of comparison that people are reaching for at this stage.

I can report, with lots of confidence, that, by all the measurements available to us so far, the splake back-cross is performing much better than the lake trout. And they were exactly similar plants. That's a good test. I think we ought to make the results of that more widely known than we have.

Mr. McKessock: Do you agree that by selective breeding you could greatly improve the lake trout or the brown without going to crosses?

Mr. Loftus: Yes, that's what selective breeding is all about, but it's a very long-term process. As a matter of fact, we are starting some work on rainbows in this respect at the present time. The thing that seems to limit the abundance of rainbows, more than anything else, is the carrying capacity of the stream in which they have to spend one, two, or three years. If we could get the characteristic of moving downstream after one year

in the stream genetically fixed, we could probably double or triple the rainbow population.

Mr. G. I. Miller: Did you say you are coming up with another type of fish besides the splake?

Mr. Loftus: No, I said that we were looking into some selective breeding of rainbows at the present time.

I'm sorry if I haven't covered all of the points raised. I'm sure I have missed some.

Mr. McKessock: What do you feel about moving into private enterprise and allowing them to produce fish for the ministry?

Mr. Loftus: We are moving in that direction at the present time, to a small extent. During the current year some fish are being purchased from private industry. The capacity of the private industry is known to us.

The trap that many of us fall into when we first look at that is simply this. The technology is available to rear a whole lot of fish per gallon of water. There's no question of this at all. If you are rearing fish for the frying pan, you can technologically get them up to frying-pan size fairly rapidly. The science related to rearing fish of the right kind to plant so you achieve natural reproduction is quite another ball game.

We have known how to rear a lot of fish. One of the things we have done wrong is trying to cram too many fish into the facilities we have and then plant them. They survive, they grow up for a while, we go and catch them and we think we've done a great job. But really the long-term payoff from fish that you plant is not just what you catch but how effectively they reproduce themselves so you don't have to keep up the expensive procedures forever.

[12:30]

Mr. McKessock: Lake Michigan has decided that they can't naturally reproduce them quickly enough for the sport fishermen. What do you feel? Do you feel that is an approach we should be thinking about, so that you can reproduce them in our hatcheries, as you say, very quickly and securely and turn them out?

As you mentioned, they are subject to so many things before they reach reproductive age. Should we forget that, since our sports fishing is so important, and stock them heavily from our private sources?

Mr. Loftus: Let me respond in this way. I think you can do both. What you require is the capacity to produce the right amount of fish to provide for an immediate fishery, plus have enough left over to go on through

and learn how to reproduce in the natural system.

If you talk to some of the people in the states of Michigan, New York and Wisconsin, you will find that having gotten into the business of put-and-take fishing, they have had some wonderful bouquets as a result. But there have also been some serious problems. Certainly in the cases of Michigan and Wisconsin at the present time I have seen a shift away from this put-and-take approach to the provision of fishing opportunities in lakes Michigan and Huron.

Mr. McKessock: What do you think about the commercial fishermen taking these splake out? Is that going to be allowed to continue?

Mr. Wildman: They charged them.

Mr. Loftus: Basically the matter is one of allocation, besides the size of the resource that you have available; then, consideration of a mix of social and economic benefits, how the resource available ought to be allocated—commercial fishery in part, recreational fishery in part, tourism in part, native fisheries, in part. The size of those allocations, of course, is going to vary with location in the province. Certainly in the far north, for example, the allocation of available resources might be very strongly towards the commercial and native fishery components, whereas in heavily populated areas it's likely to be very largely recreational. Tourism would be somewhat in between.

Mr. Chairman: Mr. Wildman, you may have until a quarter to one.

Mr. Wildman: I appreciate that, Mr. Chairman. I appreciate also the difficulty of all of us covering this important matter and the difficulty of the ministry representatives in responding briefly and still being able to say what they feel is important for us to know.

Just a couple of short questions first. Has the time been set yet for a workshop on the Lake Huron-Georgian Bay-North Channel fishery, where anglers, tourist outfitters, commercial fishermen and others who are interested could participate? There was one held, I believe, in Owen Sound in May and very few people from the North Channel came because of the time of year and the distance and so on. I suggested they might be able to arrange one for the North Channel area, say Espanola or Blind River or someplace. Then I understood that the ministry, as a compromise, was looking at having Sudbury as a location. Has there been a time and date set for that yet?

Mr. Loftus: I'm not aware of a specific time that has yet been set. The discussions

between ourselves and the field have taken place. They have subdivided that great geographic area around Lake Huron into the several components of which you speak. I know that plans are under way to have such meetings. I expect them to occur this winter, Mr. Chairman.

Mr. Wildman: I would hope so, and I hope you will let me know as soon as you get a time and place in our area, because there are a lot of people who are very interested.

Mr. Loftus: Mr. Ron Christie is the chairman of that committee. He's working in that direction.

Mr. Wildman: Yes, I have had correspondence with him. I would also like to get a response as quickly as possible on a number of things I want to run through. I'll go through them as quickly as I can.

On the question of the user pays: SPOF, Strategic Planning for Ontario Fisheries, is a commendable program but you haven't gone the route of saying, "Okay, the user pays." I wonder why. I think most anglers and tourist outfitters would agree that if that money that was collected could be then funnelled back into management it would be a very good thing. It's something we should be looking at. I know the ministry has been looking at it but they've postponed it.

I'd like to know really why you don't go that route. Most of the anglers' associations have said they would support it.

Hon. Mr. Auld: Perhaps I could respond to that briefly. First of all, the situation in Canadian jurisdictions is different from the United States in terms of dedicated funds, funds that are raised for a purpose and put into a specific fund.

Mr. Wildman: I understand the whole problem of that.

Hon. Mr. Auld: There are some advantages to that; there are some disadvantages to that because nothing else goes in. New York state found that out recently.

However, as far as the resident angling licence is concerned, we did have one for a year, in 1971 or 1972. There has been a discussion initiated by the Ministry of Natural Resources by my predecessor. I think it's fair to say that the anglers and hunters are officially strongly in favour as are other organizations.

However, we were looking at a program, SPOF, which, when it's in full boil would be something in the order of a \$9 million a year expenditure, which would be roughly double what is presently going into the fisheries end of fish and wildlife.

The government decided not to introduce a resident licence for 1980. The government gave us, in the current estimates, \$2 million for a start on SPOF, which is about all we can handle in the current year. We have indications of an increase for next year over and above that amount. So my publicly stated hope is that as we get further into the program there are more results apparent to the people of Ontario, the anglers, the tourist outfitters, the sportsmen and so on, and as the program has to expand that this matter will come up for consideration again.

Mr. Wildman: Okay, I want to move from there to talking about the fish planning program in small lakes. We've talked about Lake Huron. If I use Kindiogami as an example, from 1961 to 1970 31,500 fin-clipped lake trout yearlings were stocked. A survey done in 1972 indicated that during that time 35 lake trout were caught, none of which were stocked fish.

I have a letter here from an official of the ministry in which he says, "Obviously the stocked fish were not making any contribution to the fishery and for that reason stocking was discontinued." I know you're talking about different lakes, but I'm using that just as an example.

Is that your view of the success of stocking, that basically in many lakes it just doesn't do any good?

Mr. Loftus: Yes, but to make a blanket statement to that effect obviously will create a false impression.

Mr. Wildman: No, I realize we're talking about a specific.

Mr. Loftus: Kindiogami, if I remember it from the Sault days, is a gorgeous lake trout lake.

Mr. Wildman: As long as you fix the dam.

Mr. Loftus: It was okay when I was there, but I guess that was a while ago. Stocking lake trout from somewhere, on top of a natural lake trout population or populations—no doubt there are several stocks in Kindiogami—probably doesn't contribute very much.

Mr. Wildman: The fishery has dropped off considerably in that lake, so much so that you might call it the frustration season rather than the fishing season. It's hurting the tourist industry as well, of course, in the area.

As a result of the dropoff in the success in the northeast, there was the proposal a year or two ago that you cut the winter lake trout fishery in division 18 to a month-long season. That, of course, produced tremendous opposition from the public. There was division, I think it's fair to say, between the tourist interest and the resident anglers.

Many resident anglers were saying, "If we've got a situation like this, cut off the nonresidents."

Also there was I think a great deal of criticism on the part of both of them of the fact that not enough was being done by the ministry, that there aren't enough conservation officers, not enough is being done in terms of stocking and so on. As a result of that, I made the argument at the time, as did others, that you should be looking at each individual lake rather than having a blanket provision made for the whole of the northeast.

The ministry, I think, has basically agreed that that's an ideal situation, but they don't have the money to do that. They're going to look at groups of lakes and you're involved with doing that. I think basically in doing that you've found that there's a general downward trend in the northeast and that the quality of angling is not being improved by stocking, generally. I want to move from the more specific to the general. Is that fair to say, that the ministry's position is that there's a general downward trend in the lakes they're studying in the northeast and that the stocking program hasn't helped?

Mr. Loftus: If we're talking about lake trout lakes I think that is probably correct.

Mr. Wildman: Where are you then? Are you still in the process of just looking at it and coming up with proposals? What are you going to do? Is there nothing that can be done?

Mr. Loftus: I think it's a matter of having people generally accept a low rate of annual production from lake trout waters and then finding some formula which is acceptable to most of them. I guess we'll not find the formula that is acceptable to all of them. As you say, you get into this summer-winter kind of thing very quickly and it's hard to find what seems to be the right thing to do.

I guess we ought to be a little harder-nosed about this if we're going to maintain the resource.

Mr. Bolan: Are you saying that you have no program for restocking trout lakes or the gradual improvement of the trout stock of the trout-bearing lakes of northeastern Ontario?

Mr. Loftus: I'd like to be careful how I answer that. The answer to increasing production from lake trout waters has not, in general, proven to be stocking lake trout in them.

Mr. Bolan: Right, I got that point that you made to Mr. Wildman.

Mr. Loftus: We are below, I think, what we ought to be able to expect by way of a continuing annual crop. We're below that because in the past and perhaps up to the present we are allowing over-exploitation. We have to find the mechanism which is acceptable to the various groups of the public which will allow us to control that over-exploitation. When we do that I think the production will come up some.

Mr. Bolan: So it's pressure on the lakes.

Mr. Loftus: Yes, but it won't come back to the glorious old days.

Mr. Wildman: Is it acid rain as well as pressure on the lakes?

Mr. Loftus: In some areas the acid rain stress probably is now beginning to show, but not in general through the northeast, I would not think.

Mr. Wildman: Do you agree basically with P. R. Purych's position in his paper on poor returns from hatchery-reared lake trout for sports fishery?

Mr. Loftus: In general, but I'm afraid I can quote some beautiful exceptions, Lake Manitou being one. I don't understand it.

Mr. Wildman: In general, if the ministry takes that position, is there a general bias against planting hatchery fish, in your opinion?

Mr. Loftus: There's a general reluctance to continue planting in those cases where we know the payoff isn't good in preference to putting it in places where it does pay off.

Mr. Wildman: Can I ask one other question, or two others? In terms of Lake Superior and the commercial fishing in Lake Superior, I understand you have closed zone one. Is that correct? If so, does that follow through with the agreement that was made with the commercial fishermen on the lake; and why couldn't you keep the white fish season open at least until this season would be finished?

[12:45]

Mr. Loftus: I'm very sorry I don't have up-to-date information on that. There has been difficulty in marrying the need for quota control of lake trout harvest with the opportunity to harvest the white fish that can be taken. Most of the discussions revolving around the quota have been in this area.

Mr. Wildman: Are you talking about incidental take or—

Mr. Loftus: I think the lake trout came down to almost an incidental take in zone one.

Mr. Wildman: I understand you closed it, is that right?

Mr. Loftus: If the quota for lake trout had been taken—

Mr. Wildman: What are you planning in other zones? Do you know off hand? The commercial fishermen are very concerned about what's happening.

Mr. Ringham: The problem here is that the lake trout quota is small and the white fish and the lake trout are occupying the same water. When fishermen go after white fish naturally they are going to take some of the trout. We're concerned about the trout population and are trying to rebuild it. You just can't keep hacking away at it, even accidentally.

Mr. Wildman: Can you tell me what you've done in terms of the study you were doing? I have a letter dated July 17 from the minister with regard to the proposal by Mr. Jim MacDonald, president of the East Superior Commercial Fishermen Association, to construct an artificial spawning bed for lake trout in Whitefish Bay. He suggested the use of the excavated material from the Great Lakes power generating station construction site on the St. Mary's River. You indicated you thought that was a pretty good idea and you were looking at it. The problem is the longer you look at it, the less excavated material is going to be available. What's happening with your study of the feasibility of this proposal to increase the lake trout spawning in the lake? I understand this method has been used by Michigan in some cases. If this would increase the numbers of lake trout then perhaps you wouldn't run into some of the problems you're running into with quota. At that time you said, "If the conditions are favourable then the ministry will give very serious consideration to undertake this work. When my staff has completed this investigation I will be pleased to report my findings to you." Well I haven't heard anything, so I ask.

Mr. Ringham: Briefly, the staff are still going to look at this. The excavation to date has been for just the power plant part of the project. The main bulk of the material will come from the tail raceway and the entrance into the new power plant. It's felt that they should look at this material, since this will be the major portion of what will be excavated, and we'll have a better idea then of what we can do on this suggestion.

Mr. Wildman: You don't have any timetable on that?

Mr. Ringham: Not at this present time.

Mr. Wildman: Have you been in discussion with Jim and his officials?

Mr. Ringham: Yes, the local district people have.

Mr. Wildman: Mr. Chairman I have a couple of other questions I want to ask about moose and deer management. There has been a lot of unhappiness with the practice of some hunters in my area this last couple of seasons. These are mainly, I'll say quite frankly, nonresident hunters who use dogs in their bear hunts and that affects other wildlife in the area. What is the ministry's position on the use of dogs in hunting?

Mr. Roseborough: I'm sorry I didn't hear the question.

Mr. Wildman: I have had a number of complaints from people in a number of the areas about the use of dogs—mostly by nonresident hunters, and I think in most cases in the bear hunt—and how that affects other wildlife; the running of deer and moose, perhaps, by dogs; and for that matter livestock too.

Hon. Mr. Auld: Doug Roseborough is the Director of the wildlife branch.

Mr. Wildman: What's your position on the use of dogs in hunting?

Mr. Roseborough: In general our position on the use of dogs, of course, is that this adds another dimension to hunting and in many parts of Ontario dogs are a traditional means of hunting deer, pheasants and grouse, and they are advantageous in hunting waterfowl. They add an additional dimension to the hunting activity. We are concerned with dogs running deer or moose at large; this is a problem in many parts of Ontario.

Mr. Wildman: I'll just say, I'm passing it along to you, that I have had a number of complaints about it. People are saying that animals are being run by uncontrolled dogs that were out on a hunt, and that's detrimental to livestock.

Mr. Ringham: It's another enforcement problem, Mr. Wildman. We just have to monitor it and where they are found running deer and moose, then they'll be charged.

Mr. Wildman: Good, I was hoping you'd say that. The one thing I wanted to say is that you are understaffed, you don't have enough people to do the enforcement. You don't have enough conservation officers. It's pure luck as far as I'm concerned; bad luck for the hunter if he's caught and good luck for the CO. You need to increase the number of people you have involved in that. I have

made a suggestion in the past. I've got a number of letters here that I don't have time to go through. They are from tourist outfitters who suggest you follow the example of some of the American states and require nonresident hunters at least to have guides. The hiring of guides would not only increase the employment opportunities in our area but if the guide is given the responsibility of a deputy CO he would be responsible for ensuring that the people under his guidance obeyed the game laws, and if they didn't then the guide would lose his licence. That way you can have an increase in your enforcement without having to hire too many more COs, although I think you should anyway.

I really wish you would give serious consideration to doing that. I've suggested it in the past. The former minister argued that it would cut down on the tourist industry, that fewer people who would want to come in if they were required to do that. I'm not saying that only nonresidents are culprits, I don't mean that at all; but certainly I think it would help in your enforcement. If there were people responsible for ensuring that nonresidents were obeying the regulations then some of your COs could be involved with monitoring our resident people.

You just don't have enough staff, and you've got to do more in connection with the moose hunt and the deer hunt; I leave that with you. I'm interested in what your position is on the requirement for hiring guides. I believe in Minnesota you have to do that.

Hon. Mr. Auld: At one time I recall we did have guides who were licensed, and in some cases were required to be used; however it wasn't all sweetness and roses, as I recall.

Mr. Wildman: No I'm not saying it would be.

Hon. Mr. Auld: There were some problems involved. We're looking at something else which may permit us to increase our enforcement capabilities without interfering with the restraint guidelines and so on with which everybody is faced.

Item 2 agreed to.

Item 4 agreed to.

Vote 2503 agreed to.

Mr. Chairman: Now in fairness there are two votes left and you have an hour and 50 minutes. Averaging that out according to the time taken this morning, I'm just talking about up to this morning, the third party should have about 80 minutes and the official opposition about 30. The subjects are resource products management, mineral management

and forest management, which pertains more to northern members. I think the southern members took up a lot of time with conservation authorities and that will balance it out.

If members will pass that word on I'd appreciate it. I just want to be fair.

The committee adjourned at 12:56 p.m.

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From the Ministry of Natural Resources:

Burgar, R. J., Director, Conservation Authorities and Water Management Branch

Clarke, H. A., Executive Co-ordinator, Lands and Waters Group

Foster, W. T., Assistant Deputy Minister, Southern Ontario

Loftus, K. H., Director, Fisheries Branch

Ringham, L., Assistant Deputy Minister, Northern Ontario

Roseborough, J. D., Director, Wildlife Branch

Sloan, J. R., General Manager, St. Lawrence Parks Commission



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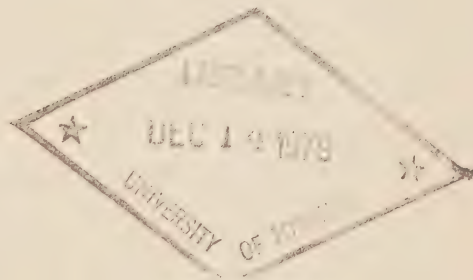
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No. R-29

Legislature of Ontario Debates

Official Report (Hansard)

Resources Development Committee
Estimates, Ministry of Natural Resources



Third Session, 31st Parliament
Thursday, November 15, 1979

Speaker: Honourable John E. Stokes
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

THURSDAY, NOVEMBER 15, 1979

The committee met at 3:28 p.m. in committee room 1.

ESTIMATES, MINISTRY OF NATURAL RESOURCES

(concluded)

Hon. Mr. Auld: Mr. Chairman, yesterday the member for Port Arthur (Mr. Foulds) asked a question about St. Ignace Island. I have a copy of the Robinson Treaty made in the year 1850 with the Ojibway Indians.

It reads: "This agreement, made and entered into on the seventh day of September, in the year of Our Lord one thousand, eight hundred and fifty, at Sault Ste. Marie," and so on and so on, "the land which was sold to the crown by the"—I won't mention all the chiefs—"inhabiting the north shore of Lake Superior, in the said province of Canada, from Batchawana Bay to Pigeon River, at the western extremity of said lake, and inland throughout that extent to the height of land which separates the territory covered by the charter of the Honourable the Hudson's Bay Company from the said tract; and also the islands in the said lake within the boundaries of the British possessions therein . . ."

Then further down: ". . . that for and in consideration of the sum of two thousand pounds," and so on, to be paid, "they the said chiefs and principal men do freely, fully and voluntarily surrender, cede, grant and convey unto Her Majesty, her heirs and successors forever, all their right, title and interest in the whole of the territory above described, save and except the reservation set forth in the schedule hereunto annexed," which is first, for Joseph Peau de Chat and his tribe, the reserve to commence about two miles from Fort William; the second, four miles square at Gros Cap; the third, four miles square on Gull River, and that was it.

Mr. Foulds: So in effect the island was within the British possessions at the time, therefore it was considered sold.

Hon. Mr. Auld: If you would like the copy.

Mr. Foulds: Thank you.

Mr. Chairman: With the consent of the committee, Mr. O'Neil wants to ask a question on a vote that's already been approved;

since he was not here and he said he'd limit himself to four minutes, we'll allow him that privilege.

Mr. O'Neil: Mr. Chairman, I will be very short. I would like to ask the minister's consideration in a matter that is of urgency in my riding of Quinte and affects the Bay of Quinte and the Lake Ontario area. It has to do with the letter that was put out by your ministry, Mr. Minister, on September 18, 1979, which closed the season for the commercial fishing of whitefish, herring, and walleye salmon in Lake Ontario. This has been quite a matter of concern to the fishermen in the Bay of Quinte and in the Lake Ontario region, mainly from Brighton through to Belleville, Napanee and in the Picton area of Prince Edward county. It has caused, and will cause, considerable hardship to some fishermen who rely totally on fishing for this species.

I wonder if the minister would consent to ask his officials at the Napanee office to re-examine the information on which this decision was based. There is a strong feeling amongst the fishermen, and some of the other people there who are quite knowledgeable in this area, that the ban is not required at this time; there has been quite an increase in these three species. I ask for your consideration, Mr. Minister, on this decision that seems to have been made already.

Hon. Mr. Auld: Mr. Chairman, let me be brief too. As far as the walleye are concerned, they are starting to come back because of the improvement of water quality in the Bay of Quinte. We are anxious—and I have had one meeting with representatives of the commercial fishermen about this—to speed up that return as rapidly as possible. It was for that reason we stopped gill-netting of yellow pickerel from Glenora Ferry west.

As far as whitefish are concerned, the catch in whitefish has been going down and down. I don't have the figures in front of me, and none of our fish and wildlife people are here, but it was something in the order of catching half a million pounds 15 years ago and five thousand pounds last year. So it seems apparent that, if we don't do something, we are not going to have any whitefish. The situation is similar as far as herring are concerned.

I am having another meeting with the Prince Edward and Bay of Quinte commercial fishermen. I was just looking in my book; I'm not sure we have the date but it's not too long from now. I think it's towards the end of the month. We had suggested that to alleviate the problem we would increase the quota of eels, which are currently about \$1.50, or more, a pound. While we have some reservations about doing this, because we're not sure what the annual catch of eels should be, and we don't want to destroy that fishery, from the little evidence we have it would appear that we could do that. We're hoping that we might add eels to those who did not have them and who were relying on whitefish, pickerel and perch. I have had representations from other members in the area; that's why we are having a meeting with the fishermen to see what we can do.

Mr. Chairman: I must inform the committee that we have an hour and 50 minutes left. I understand the last vote, which was of concern mostly to southern members took up most of the time; there should be about 90 minutes left to the third party and about 30 minutes to the official opposition to even up the last sitting. We'll start off with Mr. Foulds.

On vote 2504, resource products program:

Mr. Foulds: Mr. Chairman, I want to start on the mineral vote by making a few opening comments, if I might, and then asking some specific questions.

As I indicated in my leadoff, I don't think there is anywhere that the government policy with regard to resources has failed more obviously than in the management of iron ore. To me it's nothing short of scandalous that the Ontario steel industry now is importing more than 50 per cent of its requirements from outside of Ontario when we have mineral deposits and specific iron ore deposits at Steep Rock, including the Caland pit. Potential deposits that are proven at Bending Lake and Lake St. Joseph are lying idle. I want to know what steps the government has taken, as a matter of policy, to ensure that Ontario's manufacturing sector uses Ontario's iron ore.

One of the things that puzzled me about that complex in the northwest—Atikokan, Bending Lake and Lake St. Joseph—came to my attention while doing some research in 1965. According to an article in the *Financial Post* about the Steep Rock iron mines, "a joint venture agreement between Steep Rock and Algoma Steel provides for operation of Steep Rock's Hogarth and Roberts open-pit mines and sale of 22 million tons of pellets to Algoma over a minimum 22 year period." That was commencing in 1965. "Profits are

to be shared by Steep Rock and Algoma on a formula basis."

Here it is 1979, only 14 years later, and that agreement seems to have been terminated. I suppose in the bluntest terms, I want to know why the mill is not operating; why the mine is not operating. What has happened? Why is Steep Rock shut down? It particularly puzzles me that CP Investments owned 58.61 per cent of Algoma Steel and 69.2 per cent of Steep Rock. It also angers me when I find out that the Algoma ore formerly supplied by Steep Rock now is being shipped to Algoma from the Tilden Mine in Michigan.

Once again, in an article published in the *Financial Post*, the Caland company alone admits that the Caland pit, when they cease operations, will have 16 million tons of iron ore remaining. I quote directly: "When Caland Ore Company terminates operations in the C zone in 1979, 16.3 million tons of open-pit reserves will remain, all in the reasonably assured category."

At Bending Lake, a mere 40 miles away, according to that company's prospectus, from drilling alone, there are at least 127 metric tons of known reserves of ore. Our experience has always been that once we start mining, as opposed to drilling, we find additional reserves.

At Lake St. Joseph, as I outlined in my leadoff speech, the iron reserves in four different properties contained a potential of 550 million tons of iron ore pellets.

With that amount of potential resources available, I believe that your ministry—or this government, if it's not strictly within the jurisdiction of your ministry—should demand an accounting from Dofasco, Stelco and Algoma about why Ontario is importing more than 50 per cent of its needed iron ore from outside Ontario. Is it not possible for the government to use the existing tax benefits and subsidies as leverage so that Ontario's ore bodies are developed?

I am not a legal expert, but is it not true that regulation 126-75 allows a mining company to write off much of the costs of developing a mine outside of Canada, provided that 80 per cent of the ore comes from inside of Ontario for the processing plant? Is there not leverage there that you can exert?

I'd like to make some specific suggestions with regard to the situation in the northwest and the iron ore industry. Using whatever means is possible, the Ontario government should step in to persuade the three Ontario steel producers, Algoma, Dofasco and Stelco, to take the existing ore from Caland. I know the argument about silicones and the silica

content, but the processes can be adapted. My colleague from Sudbury East (Mr. Martel) will go into that in some detail when he describes the situation at National Steel. As I understand it, the processes both at the milling and pelletizing stages can be adapted and, if necessary, the processes in the manufacturing end can be adapted. If we really were interested in integrating our manufacturing sector with our mining sector, we would ensure that that happened.

As I understand it, in the Caland pit there are easily available, easily accessible, 1.7 million tons of ore that does not require any additional stripping or work. That alone, provided we could find the adequate market, is one year's production and could keep that present work force employed. It would take another eight months or so, as I understand it, to haul away the overburden, which would expose another five to seven years' supply; that is, the 16.3 million tons that Caland itself admits is in the pit.

That certainly would keep the town of Atikokan alive and would provide time to develop the Bending Lake deposits. If you wanted, you could give free-enterprise entrepreneurs the opportunity to develop Bending Lake—because they haven't—and the climate might very well change so that it's possible in terms of markets and investment over the next two years: I say to you that the job of keeping Atikokan alive is important enough to me and this party that, if the company should refuse to develop Bending Lake, by one means or another, the province should step in. For example, if the companies didn't want to proceed with the Caland pit over the next year, I see no reason why we shouldn't use a crown corporation to do so. We could sell it to the companies, perhaps using the tax leverage or the access to other mineral resources I mentioned earlier. Then you could encourage and facilitate the Bending Lake development as a joint venture between three steel producers.

Mr. Martel: They are good at that.

Mr. Foulds: One of the interesting things about that triangle is there has always been a lot of talk about the use of a slurry pipeline. We don't really know, frankly. We've never had an operational one in that part of the country. Bending Lake is so close to Atikokan, 40 miles, it makes sense to develop a slurry pipeline between them. If I'm not mistaken, the federal government offered \$35 million for that back in 1976, and I do not think that offer has been withdrawn. Certainly that should be taken advantage of.

[3:45]

The development of a slurry pipeline would have two advantages. First of all, of course, the town of Atikokan would be sustained. Second, the project would be an opportunity to develop slurry pipeline technology for future application. It would be very important to get in on that technology development in northern Ontario. If it's feasible, you could use it in the future as Lake St. Joseph is developed; there you would have a longer distance to travel.

It would then be possible to think of Atikokan as the centre of the milling and pelletizing facilities. In the meantime, you could set to rest the controversy over whether the amount of ore in the Steep Rock iron range is 400 million tons, as is claimed by the steelworkers and which I understand the mining companies simply call mineral deposits as opposed to iron ore deposits indicating they know there are minerals in there but are not quite sure what the iron ore content is. If one is even a little bit of a detective, the chances are that the highest-content ore is going to be iron ore and of fairly decent quality.

Then there is the development of Lake St. Joseph. I've spent considerable time in the last few weeks going through various mining publications. It certainly has been an education to me; it was extremely interesting. I positively marvel at the potential of Lake St. Joseph. My friend Stephen Lewis used to say, "I'd salivate at the prospect of owning some of the shares."

Mr. T. P. Reid: You need \$1 billion to start with.

Mr. Foulds: Well, \$1 million—

Mr. T. P. Reid: No, \$1 billion.

Mr. Foulds: Who says? Who says? When you look at the properties available there and you see the Canadian Mines Handbook indicating that Steep Rock Iron Mines owning 10 claims at Lake St. Joseph, where previous indications are that there are 650 million tons of magnetite deposits capable of annual production of four million or more tons of superconcentrated ore for pellets from the open pit. They did a reduction test in late 1973 on a 300-ton sample, and the engineering study proposed production operation of four million tons per year of superconcentrated 70.5 per cent iron. That looks pretty good to me. Steep Rock is also involved in some other projects, according to the prospectus.

I just want to recap some of the material I used at the beginning. The Eagle Island property evidently has a potential of 300 million tons of iron pellets. Soules Bay has a potential of 40 million tons of iron pellets.

There is the Greenmantle property, which I understand is somewhat distant from Lake St. Joseph—about 50 miles, actually—with a potential of 20 million tons. At the Steep Rock Iron Mines property itself, which I described just a moment ago from the Canadian Mines Handbook, their prospectus indicates that at a depth of only 5,500 feet there is an estimated producing capacity of 190 million tons of pellets.

When I see potential like that lying in the ground, and I see the steel producers in Ontario importing 50 per cent of their ore. I have to say something is wrong; something sure as hell is wrong. We're not managing the resources or the economy of this province properly. Surely the government will accept that in Ontario we have some advantages, even in respect to our American competitors and the taconite range in Minnesota.

First of all, the exchange rate now is to our advantage. It's certainly benefiting the pulp and paper industry. The base cost of iron ore production is 15 or 16 per cent cheaper because of the value of the Canadian dollar.

Second, some of the US producers in those captive mines in Michigan and Minnesota are very near the Great Lakes, and they are facing increasing costs for pollution control and cleanup. That adds to their costs, and once again we've become competitive. I may be wrong but I also understand that Minnesota recently has increased its mining taxes; so the previous advantage that was available in the early 1970s is no longer available. Therefore, even with the higher silica content and the so-called problems with the Q factor in our iron ore, alternative processes are available.

We have a strong steel-producing industry in Ontario; it's perhaps one of the strongest industries we have in the entire manufacturing sector and one area in which we can be justifiably proud. It's one of the most developed steel industries and very competitive in world markets. I want to submit to you, Mr. Minister, that the Ontario government's policy, and your ministry's policy, should be directed towards creating a strong iron ore milling and mining industry, which would complement and be integrated with Ontario steel production. You owe that to the people of Ontario, and particularly to the people in northern Ontario communities like Capreol and Atikokan. I'll leave it at that for the moment. I have some questions.

Hon. Mr. Auld: I wonder if I could respond briefly to some of the points you brought up yesterday and today, Jim. Yes-

terday you asked why only \$25 million had been spent on exploration in Ontario this year.

Mr. Foulds: It was actually a few days ago.

Hon. Mr. Auld: It certainly seems like yesterday. It's been so fascinating and the time has gone so quickly.

Basically, world markets and most metal prices at present discourage exploration investment. Nevertheless, the figures we have indicate that field exploration activity in Ontario has been going upward steadily since 1972. It continues to do so, and we expect expenditures this year to exceed \$30 million. Currently, activity in gold and silver exploration is widespread and, in fact, quite promising.

You also asked why, as you put it, nothing had been done to increase the production of mining machinery in Canada. Our figures indicate that more than 50 per cent of the equipment used in underground mines is produced in Canada, and much of this already produced in Ontario and Quebec. As a matter of fact, the Ministry of Industry and Tourism just hosted what I understand was a very successful show of mining equipment in Sudbury last week to stimulate further Canadian interest. I gather the biggest challenge is the production of the very large equipment for open-pit and stripping mines. That equipment is not common in Ontario and, in fact, is sort of one of a kind.

Mr. Foulds: Sorry? Most of that is in the large stripping?

Mr. Martel: Yes; all of the stripping equipment.

Hon. Mr. Auld: All of it, I think. There are very few of them made. I remember looking into this when I was in Energy. We were looking at Syncrude and the tar sands and the kind of equipment used there. There is the possibility of some assembly being done in this country with some Canadian components as well as and mainly imported components.

Mr. Foulds: Let me interrupt for a minute. An industry like Canadian Car in Thunder Bay, which traditionally has not made individual machines but does a lot of handwork, is not an assembly plant in the sense that GM or Ford is; they can adapt their structure to build one machine.

Hon. Mr. Auld: I gather, though, the problem is that there are manufacturers who do really make them on almost a production line basis. They might make 10 or 15 of some thing at a time elsewhere, and that is the difficult competition. However, as I say—

Mr. Foulds: I would think your transportation costs would be enormous.

Hon. Mr. Auld: I'm not an expert on this, but I'm sure that, with the encouragement that I think there would be from both levels of government for somebody to get into this kind of business, they would be looking at it very carefully.

Mr. Martel: The Department of Regional Economic Expansion just turned down the outfit in North Bay. Jarvis Clark had applied for a DREE grant for further expansion to the already successful operation. What you are handing us is a bunch of nonsense.

Mr. Laughren: The figures are on the board.

Mr. Martel: Sure. Somebody's feeding you bad information.

Hon. Mr. Auld: I don't think DREE or the Ontario Development Corporation will advance money to operations that don't have some reasonable chance of success.

Mr. Martel: It would only provide 500 more jobs in the north; so you turn it down.

Hon. Mr. Auld: On the question about the amount of iron ore imported at present, particularly in Ontario, iron ore can be bought substantially cheaper in Minnesota and Michigan—even with the difference in exchange—than it can be produced by developing a new mine in Ontario.

Mr. Martel: We're talking about existing mines. We're not talking about new mines.

Hon. Mr. Auld: I am told they have all their infrastructure and are producing. Our deposits in remote areas of northern Ontario suffer a distinct disadvantage which will only be overcome when the demand for iron ore in the Great Lakes area increases substantially.

Mr. Foulds: If I might say so, that's the sort of feeling of complacent despair that I reject.

Hon. Mr. Auld: I suppose one of the reasons the Ontario steel industry is so competitive, as you mentioned, is the price it's paying for its ore.

Mr. Martel: Damn it all, you just deliberately misled everyone here. You talked about a new mine—I withdraw the word "deliberately". You talked about a new mine developing. We don't happen to be talking about new mines. We're talking about the mines that have closed and that can produce every bit as cheaply as what in hell is being produced in the United States. Let's talk in those terms.

Hon. Mr. Auld: If that's the case—

Mr. Martel: Hell, no. And we're going to come to it in a moment.

Hon. Mr. Auld: —they would be supplying the market.

Mr. Martel: They aren't.

Hon. Mr. Auld: Jim, again today you mentioned Steep Rock. We evaluated that deposit in 1976, and I'm assured there are no large iron ore deposits there that are economically recoverable at this time.

Mr. Foulds: Okay.

Hon. Mr. Auld: The cost of further stripping to reach deeper material, coupled with increased mining costs, renders the deeper material uneconomic now and for the foreseeable future. You spoke about Lake St. Joseph and Bending Lake, and you asked why we didn't do something to stimulate this development. In fact, the government did. The company received a town site and access assurance as necessary to plan its operation at Lake St. Joseph, following the completion of the feasibility studies in 1975. [4:00]

I understand that the three steel companies are still engaged in a fairly extensive and expensive study of the slurry pipeline type of operation. Again in 1976, with the escalation in construction costs, the recession in the North American steel industry and other iron ore developments, it made it unlikely that Steep Rock could arrange the financing that would be necessary to get under way. I think the same thing applies to Bending Lake, although we are optimistic that in the 1980s the situation will be turning around and we will see some development there.

Mr. T. P. Reid: Wasn't the safety factor one of the reasons that Steep Rock ceased operation? They got down the sides of the cliffs into the pit to the point where there were rock slides. There was a very great possibility that somebody might be killed if they kept on going the way they were.

Hon. Mr. Auld: I think the cost of ensuring safety while going down deeper was one of the major factors. I see somebody nodding; so I am right.

Mr. Foulds: I wouldn't count on it. He may be agreeing with you, but you may not be right.

Hon. Mr. Auld: It wasn't you nodding, Floyd. Don't worry; I was not misleading. Jim, you mentioned regulation 126-75; since I'm not aware, I wonder if you, George, or Tom—or Fred—somebody—would answer. My information is, we don't quite understand what you meant by that.

Mr. Foulds: Just a minute; I've got it here some place. I think it's section 6(2). You talked about the infrastructure being in existence in the US mines, but didn't Canadian capital have to go in there and restart the mine and rehabilitate it?

Hon. Mr. Auld: Are you speaking of the mines in Michigan?

Mr. Foulds: Yes.

Mr. T. P. Reid: The Tilden operation.

Mr. Foulds: Both Tilden and Eveleth, I believe. There was a winding-down at Eveleth; I could be wrong, but it was only the infusion of capital from Dofasco and Stelco that rejuvenated that mine.

Hon. Mr. Auld: Perhaps I can ask the director, George Jewett; that's a little before my time in this portfolio.

Mr. Jewett: Mr. Chairman, the honourable member is correct. Both Dofasco and Stelco did invest in mines in the United States and, I believe, so did Algoma Steel.

Mr. Foulds: Algoma is in Tilden, though.

Mr. Jewett: These investments and decisions were commitments made, I believe, about 1972 and 1974. At that time Steep Rock Iron Mines had had a continuous operating loss for four or five years. They continued to lose money on their operations until the time of closing. I'm not aware that they made any profit on their operations in any year except their last year of operation. The decisions made by the company, as we understand them, were that the costs of underground development, and even of the exploration and drilling to define economically recoverable ore, were so large that, when balanced against the chances of finding an economically extractable method, they concluded it was far cheaper for them to invest in a source of ore in the United States. This is what they have done. Does that answer the question?

Mr. Foulds: That is the company's answer to the question. I don't think it should be the government's answer to the question.

Mr. Jewett: We reviewed the whole situation in Atikokan in 1976 and concluded that the company's opinions and investigations were essentially correct.

As was mentioned earlier, the operations of both the Caland and the Steep Rock mines at the depths they were operating, on an open-pit basis, had generated serious wall problems in both pits. There had been serious failures which were a cause of concern not only to the companies but also to the unions. This implies that the angle of repose being used in the original pit design was not ade-

quate and, therefore, if any decision was made to go deeper, a much flatter angle would have had to have been used.

My understanding is that at the last stripping phase in the Steep Rock pit, the stripping ratio was in the order of 10 tons of waste removed from every ton of ore extracted. Nobody knows exactly what the ratio would be for further deep development, but it could well be in the order of 20 to one or greater.

These things were looked at, as well as the extent of underground drilling and the extent of the ore reserves established in earlier years. We concluded that the companies' decisions were more than justified.

Mr. Foulds: You will forgive me, if you understand some of my frustration. What you are telling me essentially—if I could simplify it in layman's terms—is that the original decision, to cut down into the earth for the pit, was a bad decision. What you are telling me is that if they had broadened the angle, we'd have a hell of a lot more ore available.

Now that they have gone down, and gone down at too narrow an angle, you are telling me it is too expensive to go over and do it again.

Mr. Jewett: If I might make a distinction here, Mr. Chairman, the member earlier mentioned the difference in the terminology being used by the unions and by the companies. I believe the words being used by the unions were "400 million tons of ore," and the company was talking about "extensive areas of mineralized ground." The difference between the definition of "ore" and "mineralized ground" is this: Ore is material that can be extracted economically at a profit. If it cannot be extracted economically, then to extract it requires a subsidy. The difference we are talking about here is all economics. That is the difference between the definitions of ore and mineralized ground.

The original decision to go to open-pit mining at Steep Rock did prove to be—as you've said—an invalid assumption, because the company did not make money. Caland, on the other hand, did; whether it was their design or their cost efficiency, I don't know, but they were mining ore. For eight years Steep Rock was mining waste. If you wanted to go deeper and had to increase this angle, all you can safely conclude is that the cost disadvantage is even greater.

Mr. Foulds: This has taken me on a route I hadn't expected, but it's fascinating. You are telling me that Steep Rock was stupid enough—if I can put it that way—to lease its best ore bodies to Caland?

Mr. Jewett: No, sir, I am not saying that.

Mr. T. P. Reid: That's what happened!

Mr. Foulds: You are implying that there was some pretty bad management.

Mr. Jewett: I didn't say that either.

Mr. Foulds: I know you didn't say that, but you were implying it.

Mr. Laughren: Why don't you say it?

Mr. Jewett: I think I should tell you—

Mr. Foulds: What this has led me to think—and you will forgive me if it's an ideological position—is that maybe mining is too important to leave to the mining companies. Steep Rock has screwed up. They have screwed up the towns, and they have screwed up the economy of a region.

Mr. Martel: The beggars! That's the cost you never calculate. That's the trouble. You only talk about what the losses are to the company, but you don't talk about the losses to Ontario and to the workers of Ontario. When you say it's not economically advantageous, we can put in hundreds of millions of dollars in infrastructure, and workers put their life investments in their homes, but the mining company can just get up and walk away. All we worry about is the cost to the bloody company. We never talk about the loss to the workers. We never get worried about that, do we?

Mr. Laughren: We remember National Steel.

Hon. Mr. Auld: When we had the discussions about Lake St. Joseph and the amount of money the province would be investing in the infrastructure for a new community, there was a good deal of discussion about how to make use of the current investment, both public and private, in Atikokan. That's one of the reasons we're talking about the slurry pipeline.

Mr. Martel: What you do is you leave the existing—you mentioned a town site a moment ago—

Hon. Mr. Auld: Right.

Mr. Martel: Who the hell is talking about a new town site near that deposit?

What you do is move the workers. Frank Miller said that in Sudbury. I only go by the Treasurer and the former Minister of Natural Resources. You move the workers the 40-odd miles.

Hon. Mr. Auld: When you go farther up, it gets a little too far away.

Mr. Martel: Forty miles isn't far. People in Toronto travel that every day. It takes as long to go 20 miles here as it would to go 40 miles up there, by rapid rail, if you wanted to put that in. You don't pay all those millions

of dollars you talk about in new town sites. What you do is utilize the existing ones and tap a new resource. You don't say, "To hell with the workers," and dump them because it's a disadvantage to the poor company. Poor companies never lose their shirts; workers do in one-industry towns. When is this government going to realize that?

Hon. Mr. Auld: I am really curious about your reference to regulation 126. Did you find it?

Mr. Foulds: No, I'm sorry; I didn't. I just want to make one point, and I'll get back to 126.

You mentioned price and said that the price in the United States was cheaper. I have just had delivered to me the Canadian Minerals Yearbook for 1976; that's 1976 figures. There is a table called Mine Value and Price per Ton of Steep Rock Pellets Delivered on Dock, Steelworks of Algoma Steel, Sault Ste. Marie, effective September 1, 1976. There is a whole list, but the price on the docks, steelworks, Sault Ste. Marie, is \$30.463. From Tilden Mine in the United States, delivered to the docks, steelworks, Sault Ste. Marie, the price is \$30.752. That's more expensive. That is 30 cents more. There are also the factors I mentioned about the Canadian dollar, the increased pollution costs in the United States and so on.

Mr. Jewett: Mr. Chairman, I would have to look at the figures more carefully. I would question whether the figures being quoted are in tons of pellets or per iron unit.

Mr. Foulds: It says right at the top, Mine Value and Price per Ton of Steep Rock Pellets; then, Mine Value and Price per Ton of Tilden Pellets.

Mr. Jewett: All right. Then almost certainly the Tilden material is cheaper, because it is a higher grade and contains more iron units per ton of pellet.

Mr. Martel: What's the content?

Mr. Jewett: You have to divide the iron content into the cost per ton to arrive at a cost per iron unit to make the comparison.

Mr. Foulds: What is that percentage?

Mr. Jewett: I would be happy to take those figures from the member, make that comparison and deliver it to him tomorrow.

Mr. Foulds: Fine.

[4:15]

Hon. Mr. Auld: It seems unusual to me that they would be buying from the higher rather than the lower cost supplier.

Yesterday, Caland announced that the pellet and mill operation which they had

indicated was going to run until midsummer will probably close down earlier, perhaps in April. I think there was a meeting with the union and the community. I had a call from Mr. Scott to inform me that they would continue, with a small group of staff, shipping the fine and the coarse ores and those pellets left over when the mill shut down.

The reason is that Inland Steel in the United States, to whom they were shipping, had experienced a softening of their market. Apparently they sell a lot of sheet steel to the automobile industry; that had been cut back, and that was the reason for the earlier shutdown. So there will be about 200 people who will be laid off perhaps three or four months earlier than had been anticipated originally.

Mr. Martel: It's a Christmas present they're getting.

Mr. Foulds: That's even worse news.

Hon. Mr. Auld: That isn't good news, but I wanted you to be aware of it while we were discussing the estimates. This apparently was decided yesterday morning and announced yesterday afternoon.

Mr. Foulds: I want to make one point before I pass to my colleague from Sudbury East because of the shortness of time. It is a shame. I would ask the ministry, when they order their estimates next year, to put this one as the next vote after the administration vote. We need some discussion on both these items.

Mr. Laughren: Why do you think they do it this way?

Mr. Foulds: I'm referring to section 4(1)(ba) and section 4(6). Maybe you could take a look at those.

Hon. Mr. Auld: What do they say?

Mr. Foulds: They basically say, "In appraising the value of a mineral substance at pit's mouth under section 3(iii)(c) of the act, the mine assessor shall determine the total amount of gross receipts from the output of the mine for the taxation year and deduct therefrom"; (a), "where mineral substances are transported outside Canada by the operator or other persons liable for the tax imposed under the act and subsequently processed outside"—that's the exemption for processing outside. Then, over the page—

Hon. Mr. Auld: That's section 113.

Mr. Foulds: But it's regulation 4(1)(ba). Then section 4(6), which is the one that interested me states, "Where 80 per cent or more of the value of the input into a processing plant or plants located in Ontario is

from ores mined in Ontario, or outside Canada, the operator or person liable to pay the tax who owns and operates the processing plant or plants may be entitled, in appraising the value of mineral substances at the pit's mouth, to the allowance and costs permitted by clauses (a) to (e) in subsection 1 and section 5."

Hon. Mr. Auld: This is the Mining Tax Act?

Mr. Foulds: Yes.

Hon. Mr. Auld: The commissioner is here.

Mr. F. E. Hall: The reference to section 4(6) of regulation 126 was incorporated in the regulations for the purpose of encouraging further processing in Ontario from mines outside of Ontario.

The processing allowance is 100 per cent to a mine that processes all its ore in Ontario. If it exports unprocessed ore, there is a reduction in the processing allowance.

We do not have an instance where concentrates are currently being brought into Ontario for processing but, if they were, it would increase employment in that operation and increase the taxes and so on for the balance of the material. That's why this was put into the act. Does that answer your question?

Mr. Foulds: I understand what you are getting at, but does it not also encourage what has happened? Clarify it for me if you can.

Mr. F. E. Hall: It doesn't refer to iron ore companies. There is no reference to iron ore companies in this at all, with reference to the first part of your discussion. Iron ore is only taken to the pellet stage in Ontario processing plants and then it goes to the steel factory. There's no processing of iron ore from ore outside of Ontario to pelletizing.

Mr. Foulds: Pelletizing isn't considered processing in the definition of your regulations; is that right?

Mr. F. E. Hall: Yes.

Mr. Foulds: Is that what you're telling us?

Mr. F. E. Hall: It is processing, yes.

Mr. Foulds: It is processing?

Mr. F. E. Hall: Yes.

Mr. Foulds: Run that past me again.

Mr. F. E. Hall: There are no instances where iron ore is being brought into Ontario for pelletizing before going to a steel plant. It could be done; I don't know.

Mr. Foulds: I'll let it go at that, but I would like more time to explore this at another time.

Mr. Martel: I want to explore it. Mr. Minister, let me start by saying I'm amazed that you would say things looked well in Ontario. We've almost reached \$30 million in exploration. I want to remind you that little old Saskatchewan, which is much smaller than Ontario, this year has \$80 million going into it—\$45 million by the private sector, \$35 million by the government. They're beating us to the punch.

We haven't had a new mine or a new discovery in how long?

Mr. Bolan: Since 1966.

Mr. Martel: We're in great shape. You guys talk about the cornerstone of our economy being resources. Just from what we're discussing today, we aren't in good shape in the mineral sector in this province. We're in bad shape.

Hon. Mr. Auld: Is that primarily in uranium?

Mr. Martel: Quite a bit in uranium; some in gas—they do their own exploration in gas—and some in potash. But they're there. They put in \$35 million of their own to guarantee a supply, to guarantee new discoveries that could be taxed.

We're relying on this dinky amount we had in that fund. I think we spent \$3 million one year, or something like that, up around the Kirkland Lake area. That's not nearly sufficient.

Five iron ore mines out of nine have closed down this year in Ontario. Where have they seen fit to go to get their feed? They've made their money in Ontario, some of them. Where is the steel industry going? It has made its money in Canada and now it decides it's more lucrative to go to the United States. They forgot to look at some of the factors that I want to bring out. I will just tick off some of the points you made at the beginning. I interjected because I was so upset with what you were saying.

If you're going to develop a new mine, it's probably a little more costly in Canada than it would be in the United States at the present time. But some of the stuff we're talking about involves existing mines I'm going to come to National Steel in a moment, which managed to make \$6 million last year and to shut its doors.

I'm surprised you used that sort of argument because that's the argument the industry uses out there. That's the argument everybody else uses. You, as a government, can't sit idly by and watch iron ore mine after iron ore mine close down and allow the importation of almost 58 per cent of the feed for our mills when we have high unemployment.

There's something crazy about that that allows that to go on.

If we were a country or a province without resource, I'd say we had no choice. But as a province that has resource, we do have a choice.

There are all kinds of thing we could have talked about. Again I interjected and said not to talk about a new town site. Talk about putting in a rapid transit system and use an existing site. Talk about the overall cost. Don't talk to me about the cost for a mining company. Talk to me about the cost to Ontario every time we close a mine and a guy loses a home or his job and goes on unemployment insurance or welfare. In the case of the guys from Capreol, who eventually sell their houses two or three years down the road, they will even be forced to pay capital gains. Why don't you include that in your calculations as a ministry, instead of the silly lines we get that it's ore and it's not making as much profit as it should?

Before I start into the National Steel thing, I want to ask, what recession? I am going to quote from a statement by the president of Hanna Mining. He doesn't talk about a recession. In fact, he says: "Demand for iron ore pellets in North America remains strong, and the four Hanna-managed domestic pellet projects operated at capacity throughout the first half. The sales outlook remains good for iron ore pellets in North America for the balance of this year."

That's why I asked the Premier—and he hasn't answered; for four weeks I've been trying to get an answer out of him—to tell us what type of monitoring system we have to know what's going on in the United States. When I come to Hanna, I'm going to show you the bunk we get fed by some of the presidents of those companies in the United States. The Minister of Labour and I went to visit one. I think he thought he was talking to the country bumpkins because of the answers he gave us. It was just total nonsense.

I'm not sure how well we in Ontario monitor what's going on in the rest of the world. Certainly there has been discussion. I know that some of your staff, like Tom Mohide, have been advocating a nickel institute. That was in one of your own studies a number of years ago. I don't think it was ever developed, but certainly there's a crying need for proper monitoring of what's going on. We don't even do that basic thing.

Let me turn to National Steel for a few moments. If you wonder why I get excited when I talk about the bloody mining companies—and I call them the last of the robber

barons—I don't do so just willy-nilly, I'm afraid; I do so out of some frustration, having spent my entire life in the north in mining communities.

I also recall the Premier trying to con us, in Ontario, with a cabinet committee that was going into the one-industry towns to find solutions.

Mr. Bolan: Whatever happened to that?

Mr. Martel: They never met, virtually.

Mr. T. P. Reid: They met, they think.

Mr. Martel: They think they met. The Treasurer, who was then the chairman, didn't even know who took his place.

Mr. T. P. Reid: The Premier didn't even know who was on the committee.

Mr. Martel: That's how often that committee has met to resolve the problems of the one-industry town.

Take a look at National Steel. In 1968-78, they made \$6 million. They made \$10 a ton profit. They sold almost 700,000 tons with a work force of 225—not a bad return with 225 employees, I would think.

I'm not in the class of the robber barons; I don't know how much they want. I quote from the Minister of Labour in the House: "The decision announced in January was based on an oversupply of iron ore pellets on the market." That's what they told the government of Ontario. That's what National Steel advised us through Hanna Mining. Hanna Mining did the operational work. They were the managers for National Steel.

My friend who made the statement, Mr. Anderson, told the government of Ontario the reason they were forced to shut down that operation was that there was such a glut on the market they couldn't overcome it. Then on August 3, 1979, he said: "Demand for iron ore pellets in North America remains strong, and the four Hanna-managed domestic pellet projects operated at capacity throughout the first half. The sales outlook remains good for iron ore pellets in North America for the balance of the year."

How do those two things go together? I'm not very bright, but you tell me why the government of Ontario accepted, as a reason for closing, that there was an oversupply of pellets? Then the same guy who told them there was an oversupply, the president of the company, told you they operated at maximum capacity all year and the sales outlook for the rest of the year was good.

[4:30]

If that wasn't bad enough, let me tell you what else they did. They then increased

their importation from Brazil: "To hell with Ontario. We only gave them \$6 million."

In Brazil, iron ore shipments by NBR at 7.6 million tons were up 10 per cent; 10 per cent of 7.6 million tons is roughly 700,000 tons. Do you know what we produce in Capreol in a year? We produce 700,000 tons. That was just in the first six months. We produce that amount in a year. That was in the first six months. They brought that much more in from Brazil.

Do you think they worried about the workers in the town of Capreol, Mr. Minister? Do you think these robber barons care whether a small community of 4,000 could afford to see 225 men laid off and lose their homes? No way. And you guys allow it. I'm sorry; you allow it. I'm going to come to it, because when I look at what is imported today to meet the requirements in Ontario, it's a disgrace. It's a disgrace that you didn't say to Dofasco, to Algoma and to that other outfit in Hamilton, "You are going to use the Ontario stuff." I know the Premier (Mr. Davis) did—I'm going to come to that; I'm going to give you credit where it's due. I'll outline what the Premier said, Mr. Minister.

Mr. T. P. Reid: This is the new Elie Martel.

Mr. Martel: Yes. I'm going to mention it.

Mr. T. P. Reid: You woke up everybody on the government side.

Mr. Martel: I will say who worked on it. Some of the reasons they couldn't do it—

Hon. Mr. Auld: I may have something to add to what you have to say.

Mr. Martel: I hope you can. I hope you can add that the mine is opening up again next week. I might even withdraw my amendment if you could announce that National Steel is opening again next week. There's a bargain you can't resist.

Mr. Foulds: As long as there is a public apology by the Premier.

Hon. Mr. Auld: He wants that two for one in.

Mr. Martel: We can leave it in if he wants it in. If he wants it in, I'm prepared to accommodate him.

Hon. Mr. Auld: Substitute the amendment I gave you.

Mr. Martel: I don't understand that, and I want to talk to you about it.

The Premier then got involved, through the Minister of Labour. The Minister of Labour came to Sudbury. We had a meeting with the companies; the Premier, to his credit, got involved. He tried desperately, along with the Minister of Labour and the Minister of Industry and Tourism, to get these outfits to

take some. You spent some money getting some testing done, but it was too long in coming, it took too long to happen; the mine was closed and the concentrate was still on the ground, at National Steel.

Then National Steel, again to their credit, who were supposed to take half for their own operation, said, "No, we think Dofasco should take it all." That's how cavalier they were. They blended it, as I understand it, down in Detroit. It was good; the first one was good. But, lo and behold, a week later the second run was no good, and they decided they couldn't take their half; so it was left for Dofasco to take. Then they couldn't reach an agreement.

There were some other arguments presented along the way that are phoney. One of the arguments was the Q factor—if they had the Q factor, which I understand strengthens the pellet. Another argument was that there was too much silica dust. Let me tell you what Hanna is using for silica dust at some of its own operations in the United States. Belmont 9.24; they use that. National Steel was 8.01, and they say you can't use that.

One of the officials from the company—I won't tell you who—said to me, "That's a lot of nonsense." In fact, he was good enough to write it down for me. He said: "A regrind system, at an estimated capital cost of \$2 million"—remember, they made \$6 million last year—"would provide us with facilities to produce a lower silicate content pellet, as low as three or four per cent."

You can't make that capital investment in Canada—hell, no; you go somewhere else and do it. This would seem to be the logical answer to any long-term commitment for sales of a product that is more widely acceptable by most modern blast furnaces. By the way—no, I won't tell you who it is, as I might give a hint to the company.

"Whereas our present pellet with a silicate content of 7.8"—it isn't even the 8.01; it was 7.8—"has a limited market. In addition to the above regrind system, additional stripping would have to be done to existing pits, namely, number two south, in order to make more ore readily available for blending purposes and a safer long-term mining project."

"Last, but not least, automatic structure mill grinding control, at an estimated cost of \$125,000, should be installed to maintain a consistent grind to the pellet plant to produce a better Q index product." This is from one of the officials from the company.

Another official said, "If we didn't try to get it down to three per cent, for \$688,000 we could get it down to five per cent."

It seems we could get it down and it's right on the surface, but you had to pay that capital investment. But the American federal government intervened, as I understand it. National Steel wasn't on the board to be cut; in fact, a little mine called Pilot Knob in Missouri was going to be cut. It was an underground operation with a three-year life expectancy. The American federal government got involved and said, "We will pay you to mine it out."

The robber barons weren't going to miss that opportunity, because the government wants to store crude in that mining operation when it's empty. So you trade off three years there and you say to the town of Capreol and the workmen, "So long Charlie". That's when they are talking about coming back, in three years. Where were you people, and where was Ontario's steel industry? That's the frustration for me.

When I look at the figures we got from your staff, they indicate to us that according to one of the policy analysts with MNR—I won't name him—iron ore mines and mills are now in a position to supply only 42 per cent of the net demand for iron ore pellets of Ontario's three integrated steel companies, Stelco, Dofasco and Algoma.

The total yearly requirement of the three companies in 1980 will amount to approximately 15 million tons. The Ontario mines in production have a capacity of 6.2 million tons. We are going to fall short, if my mathematics is correct, by almost nine million short tons. We sit wringing our hands in despair and say, "But it's cheaper if you open up in the States." That might be fine for the companies, but it isn't fine for Ontario. If we didn't know where some of these deposits were, it would be different, but that we're going to have to import that kind of resource by 1980 is crazy. It's a failure on the part of every minister of mines that we aren't in a position today to meet that demand.

I go back to National Steel. They haven't got a reason for closing except that the American government wanted Pilot Knob mined out so they could store crude. We let it happen—we intervened a little bit; we couldn't have stopped it, but we could have said to the steel mills, "You aren't importing." One of the arguments when we started this discussion with National Steel was we've got to be careful, we don't want to tip the scales; we're importing some and we're exporting some. My understanding is, when Caland shuts down, we will not be exporting a pound, will we? None.

Mr. Jewett: Mr. Chairman, I'm not precisely sure, but I do believe some of the ore from the mine at Algoma Steel is shipped to the United States. As to the exact quantity, I don't have that information with me.

Mr. Martel: It would be very small.

Mr. Jewett: Relatively small, yes.

Mr. Martel: We then turn around in the same operation and import it from the United States for the mill at Sault Ste. Marie. Isn't that great policy? We've gone from nine iron ore mines to five. I have the figures on what the iron ore production was from 1946 to 1978. It was 9.6 million tons last year. What will it be next year? Well, it will be 6.2 million tons next year.

All kinds of people have been affected. There has been an overall reduction of 1,300 or 1,400 workers' jobs in the iron mines of Ontario. We virtually sat by, useless to prevent any of it. We haven't been able to induce the steel mills in Ontario to take even the limited 700,000 tons from Capreol. Now I'll tell you what is going to happen to the workers, Mr. Minister. Capreol had 225 workers; approximately 170 lived in the town of Capreol. Almost all of them owned their homes. Many of them now are around Nanticoke working because they came up there and got the skilled work force. But they can't sell their houses. There's no market. You have to remember that dear old mother Inco laid off 2,400 workers two years ago, and Falconbridge laid off 700, although Falconbridge is hiring some back. But what happens to the market?

Hon. Mr. Auld: Falconbridge, I understand, is having trouble getting all the people it needs, isn't it?

Mr. Martel: Yes. The mining industry has to wake up some day. I see it in its Northern Miner—and they never send me a copy—moaning the blues about not having skilled workers. You can't go on treating skilled workers like this. You put your roots down in a community and when it's convenient, you lay them off. And then you expect them to rush back with all their skills to the mining communities. They've lost their investment. The average worker only has his house. They've lost their investment in that community because they either can't sell it or—as I understand it in Atikokan—they're simply walking back to the bank, dropping the keys and saying, "So long, Charlie."

Do you expect them to go to another mining community and start all over again? They're saying, "To hell with it. It's just nuts. We're not going back to that sort of unreliable security. We're going to go to some

other type of work. It might not pay us as much, but we are not going to lose our shirt." I know all kinds of former students of mine who were in the mines, who are now down here working, who can't sell their homes in Capreol. I have gone to your government. Through my colleague in Ottawa, John Rodriguez, I'm trying to get to the federal government. If they don't sell their house in a year, and they have another house down here, they're going to pay capital gains.

They didn't ask to buy a second house. Many of them can't afford it.

Mr. T. P. Reid: If they can sell their houses—

Mr. Martel: If they can sell their homes? They can't even rent them. Or they leave their wives and their young kids up there and they are down here. They can't travel 300 miles home. It's not like southern Ontario. Some of you fellows down here don't understand that. Northern Ontario is not like southern Ontario. You can't go and get a job 20 miles away. The jobs aren't there.

When we ask you to protect a community, it's because you have to up and move. It's why when Frank Miller suggested that we develop a rapid transit system to Elliot Lake from Sudbury, I was in total agreement with him. But you know what the government of Ontario is doing there. They're building the infrastructure at Elliot Lake. The guys from Sudbury are all trying to rush up there. They're leaving their houses empty in Sudbury. We know, from the time you take the first shovel out of the ground, a mining community only has so much existence.

Miller's announcements during the layoff about looking at that were well received, because as the crow flies it is about 55 miles across country. But we will pump in all kinds of money—sewers, water, hospitals, schools, you name it—rather than put in a rapid transit system and move the workers.

You see there's no policy. The government has no policy with respect to exploration. And it's gone downhill. I remember Leo Bernier used to say that it was because of the Socialist hordes. Well, on the Socialist hordes problem, the private sector is pumping in \$45 million. You have no policy with respect to location of working people, rapid transit systems, rather than building a new town at every mine.

[4:45]

You have no policy to protect the workers in Ontario in those communities. I want to tell you it's a disaster. I raised the question to the Premier in the House almost a month ago and I'm still waiting for an answer. Let

me see the date. I think it goes back to the first week the House opened. And I said, "The Premier will recall that National Steel Corporation of Canada decided to close their Moose Mountain operation in Capreol due to an oversupply of iron ore pellets on the market. Is the Premier aware that R. F. Anderson, president of Hanna Mining, which also operated in Moose Mountain"—and I quoted for you already what Anderson has said, "Does this contradict what the government was advised last winter as the reason for closing the mine?" The reason they gave you was an excess of pellets. Anderson said they operated at capacity.

I continued, "And will the Ontario government, therefore, establish a proper monitoring system so that we will know exactly what was occurring in the market place in order to protect our workers, and our interests?"

Let me tell you what they told the Minister of Labour (Mr. Elgie). We were in Cleveland and I said to Anderson, "The iron ore industry must be moving."

He asked, "Why?"

And I said, "Nickel is moving at last and if nickel moves, usually so does steel."

"Oh," he said, "the only reason nickel is moving is that Inco is on strike and there is a shortage."

I said to myself, "Now wait a minute, the guy is nuts, because Inco had a 13-month nickel supply. Nobody suffered because of Inco's strike, except the workers."

He expected us to believe that. That's why I said earlier he thought he was talking to the original country bumpkins. To tell me that there was a shortage of nickel because Inco was on strike was ludicrous. He didn't want to say that iron ore was moving, no. But, then, only three months after we were there he makes this statement. How does that jibe? Put all this together as a government.

What I'm saying to you is, when do you formulate some policy that deals with exploration, with development, with location of town sites, and with rapid transit systems? When do you get some policy that is going to help Ontario's economy? We're on a slide in the mineral resource sector—unless you know something I don't know, although most of the mining companies don't tell you much either—that is really startling. I don't know when it will turn the bend. You obviously haven't done it in the iron ore field, you simply let it go to pot and now we're down to four mines. You haven't done it any place else. When do you adopt some policy on these issues?

Hon. Mr. Auld: It might be important to just clarify that it is not quite as simple as—

Mr. Martel: I've been here too long to be told it's simple.

Hon. Mr. Auld: —Elie has indicated because of the machinery involved and the different types of ore. I wonder, George, if you could briefly—I remember clearly in the National Steel situation there was a great deal of work. One of the problems, I guess the major problem, was the type of ore they had. It was not usable and you have mentioned the cost of the processing.

As I recall it, that type of ore is not found in very many places and the operation to which it was being shipped would have had to—I'm not even sure whether the type of equipment that was required to process it was still being manufactured. At any rate I think it might be important to indicate that there are different types of ores and different processes and the fellow with an iron mine can't sell all his iron to just anybody, no matter what the price.

Mr. Martel: I accept that. I'll let George answer it first and then we'll deal with a few points.

Mr. Jewett: What you said, Mr. Minister, is entirely right. We have a real problem in marketing materials and it is sufficiently complex that I would hesitate to comment on any but a particular situation, not only in regard to the quality and grade and assay of the ores, but the transportation economics and the particular physical characteristic of the material.

The mixing and blending of iron ores at the blast furnace is a very fine art. It's one that I would not care to comment on except to say that blast furnaces in this country and many of the more modern ones in the States have in the last 10 years increased their productivity immensely—by as much as 100 per cent—by the careful selection of the materials going into the furnace. It is very regrettable that both the National Steel and the Marmora deposits have closed. Both of them have some similarities. They were both using shaft furnaces and they both were pioneer operations in that type of pelletizing, not only Canada, but I believe the world. The technology they used for the preparation of pellets had become largely obsolete and not only that, the plants were old.

Mr. Martel: Where?

Mr. Jewett: They both used vertical shaft furnaces which produce a quality of pellet with a Q factor which was not as acceptable to the blast furnace people as the pellets produced by more modern and more closely controllable process. That's my understanding of it.

Mr. T. P. Reid: Could I ask a supplementary? Why didn't they change the process? Were the costs that expensive?

Mr. Martel: Two million.

Mr. Jewett: The problem in investment in the steel industry is one that frustrates us also. I'm told, and we have studies and we will be continuing studies in greater detail in this, that the economic limit for an iron mine today is something in excess of six million tons of product per year. In the 80s we're told it will probably be close to 10 million tons of product per year.

The problem we had with both National Steel and Marmora was these operations were producing one million tons or less. Whether you are replacing an existing plant or building a brand new one, the economics are fundamentally the same. The build and install a new one-million-ton plant produces an operating cost that is not attractive.

Mr. Martel: Wait a minute. There is something strangely wrong here. They did not have to build a new plant, in my understanding. The plant was 24 years old I believe—in fact, 23; the oldest man there had been there 23 years. They had to make some renovations in the screening process and the figures we have from two different officials in that company—one of them, by the way, an engineer—indicated that could be done for a \$2 million capital investment.

If you are going to open up a new mine, then it's going to cost the kind of money you are talking about, Mr. Jewett. We're not talking about opening up a new mine. We're talking about a mine that made \$6 million profit for them last year. We're talking about a product that, according to the engineers, with some new grinding equipment would have seen met those demands, both in Q factor and in silica content. In the United States, some of the mines from which they are drawing their supply now have a higher silica content than the ore from Capreol.

My argument is that the bloody government can't back away from its responsibility. If that company doesn't want to operate and it chooses to pack up its bongo balls and go home then let them go home permanently and say that we'll sell to Dofasco. We can make a buck, we can keep those workers working, we can make a product that's useful and we don't destroy a community.

Now I know you Tories would never think that way, but you've got your druthers. You accept this line and watch the town die or you say it's still profitable.

Why in God's name do you think they are talking about coming back in three years? They are coming back in 1983. They even

stopped sale of their equipment because they were going to come back in 1984 and now they are thinking 1983.

I tell you, Mr. Minister, tell them to go to hell. Tell them not to come back. People cannot take that sort of unreliable management of their resources. The only people who have lost have been the workers and the town of Capreol. They added on to the schools, and put in a new arena and a new subdivision just last year, based on their needs. There we are, left holding the bag. You cannot allow that. It isn't even a losing operation. They admit they made six big ones. That isn't much, I guess, for Hanna Mining or for National Steel.

I look at what they import. It is just a drop in the bucket, I agree with you. But it isn't a drop in the bucket to us. It isn't a drop in the bucket to the people in this province. The government should have said, "If the federal government is intervening"—because National Steel was not supposed to close at Christmas last year, it was Pilot Knob and the federal American government intervened. What did we do? We watched it close. It was our people, Mr. Minister, who suffered. It is Ontario that suffers, not just our people here, but everyone in Ontario, every time one of these things occurs.

I don't suggest any of it is easy, Mr. Minister, but it is too easy for these beggars to do what they want. Until we have a government that says, "Oh, no, Charlie, we are not playing your game any more," then we are going to continue down this route. When one looks at where they are going—the Third World, where they don't have any pollution controls, where they pay \$80 a month salary or less, where they have no unions to contend with—it isn't advantageous for any mining company to come to Ontario any more. Where are the robber barons investing their exploration money today? It isn't in Ontario. It isn't. It hasn't been.

You have got to do something about that, Mr. Minister. I don't suggest for a moment it is simple but your government has to develop some policy. You should write Hanna Mining and say, "If you are not going to open up next week, seeing as you don't want it, we will operate it for you." It is our resource. It is our people and we are the ones who are suffering. You tell me how you are going to help the town of Capreol, the workers, anyone in this province.

I understand if you get too tough they will say we are not going to invest in Ontario. We don't need that kind of investment then because it is too hard. The other day in the House I said to the minister that I was read-

ing Sol Alinski, the known radical in the United States. I always recall your colleague, formerly in your post, Leo Bernier. When they laid off at Inco, Leo came to Sudbury and he said, "We're tough and we will endure and we will overcome." That reminded me of a line in Alinski where he says, "You know, it is amazing how strong we are to be able to accept the sufferings of others when it doesn't affect us at all."

Mr. Minister, you have to answer some of these questions. You cannot simply shrug it off and say, "It is unfortunate." It is not that simple. What are you doing, tell me, to an industry that imports 58 per cent of its feed now? What are you doing to protect northern Ontario? I am waiting for your answers and I am breathless.

Hon. Mr. Auld: I don't propose to have the answer to some of the economic problems because of the competitive world in which we live. On the other hand, it seems to me that the work being done by this ministry in assisting exploration, the basic things which give an incentive to people to come where there are some anomalies, some indication, is the kind of work we are doing and we should continue to do and is showing some results.

Mr. Martel: What?

Hon. Mr. Auld: At the Kirkland Lake operation, for instance, the number of people who have been out there staking. Nobody is saying very much about what they have found as yet, which is not unusual.

[5:00]

Mr. Martel: Could I ask if \$6 million is a fair incentive to get someone to stay in the community? Is that a fair incentive?

Mr. Foulds: Does Ontario spend \$6 million a year?

Hon. Mr. Auld: I couldn't tell you because I have no idea what their investment is in the first instance. I have no idea what sort of appreciation—

Mr. Martel: But you should. Your ministry should, Mr. Minister. That is precisely one of the points that I am trying to make. Your ministry should know, because how can it make assessments on these things? How can they assess whether it is damaging?

Hon. Mr. Auld: I don't know today, this is what I am telling you. I can't answer that question.

Mr. Martel: Tomorrow?

Hon. Mr. Auld: But what sort of a decision they made based on their own financial position is something which no doubt we can find out. In fact, I imagine it was discussed at the time.

Mr. Martel: But how does, when you are making—

Mr. Chairman: Mr. Martel, in fairness, you people have used up 90 minutes. There are only 30 minutes left in this vote.

Mr. Martel: Can I ask one final question? You say you have to do an economic assessment and it depends on the economics, but when you make \$6 million profit a year is that the economics that force you to close down?

Hon. Mr. Auld: It seems to me Falconbridge lost \$65 million—

Mr. Martel: I am not talking about loss.

Hon. Mr. Auld: I know you are not.

Mr. Martel: I am talking about profit.

Hon. Mr. Auld: Some years you have a profit and some years you have a loss. You have to add it up—

Mr. Martel: When they had a loss they laid off. But here is one that made money and shut down.

Hon. Mr. Auld: Thank goodness they had enough stability to keep going and they are now hiring again.

Mr. Martel: Falconbridge?

Hon. Mr. Auld: Yes.

Mr. Martel: Yes, but National Steel just walked out and left everybody.

Mr. Foulds: I just wanted to put on the record, Mr. Chairman, before Mr. Reid speaks: the answer to that question Mr. Jewett asked me about the iron content and the price per unit is actually in the Canadian Minerals Yearbook. The pellet iron analysis, natural, for the Steep Rock pellet was 62.3 per cent and for the Tilden pellet 63.03 per cent, a difference of less than one per cent. There is something listed called "published price per iron unit, rail or vessel at lower lakes port, US"; for Steep Rock, 52.3 cents; for Tilden, 52.3 cents. So the price per iron unit is exactly the same.

Mr. Jewett: Mr. Chairman, I would be pleased to look at this comparison in detail and report to the member tomorrow. All iron ore is sold on the basis of lower lakes price, but then it has to be adjusted for freight. I don't know at this point in time—

Mr. Foulds: All the freight adjustments are taken into account lower in the table and that where the final figure favours Steep Rock.

Mr. Jewett: As I said, I find it difficult to compare these numbers in this form. I would like the opportunity to compare them and report to you tomorrow.

Mr. Foulds: Certainly.

Mr. T. P. Reid: Mr. Minister, I would like to pick up where my colleagues have just left off. I would like to make one observation, however, before I talk about Steep Rock pellets specifically. A number of years ago, when Mr. McKeough was the Treasurer, in his first emanation as Treasurer, International Nickel was just starting up Shebandowan and Mattabi Mines was just starting up. I said to Mr. McKeough, and I believe I raised it in the House at that time, that we shouldn't be building new town sites with all the infrastructure and all the social necessities like schools, hospitals and so on, but that instead we should be using the closest communities as dormitory towns.

At that time, Mr. McKeough accepted that proposition, particularly in the case of Mattabi Mines, some 54 or 56 miles from Ignace. Ignace wound up as a dormitory town.

I think that is a policy we should use as much as possible, although a great number of the workers are less than happy about having to travel back and forth for that period of time. Some of the trade-offs to those are that, in some of the smaller communities, people who are sick or in accidents have to travel farther to get to a hospital and students have to travel to get the diversity of education everybody in the province is entitled to.

Hon. Mr. Auld: I remember the two things that were talked about a lot were the high school and the hospital in Ignace.

Mr. T. P. Reid: Yes. Except we don't have a hospital in Ignace, but that is another story.

I want to talk specifically about Steep Rock and Caland Ore. In recent years I have had a number of meetings with your officials and with the officials of both mines. As a matter of fact, I had a meeting with some of the Steep Rock people just two or three weeks ago. I want to get this straight if I may. It is my understanding that Steep Rock never was a very profitable operation from the time it started.

It is rather an interesting story about how Steep Rock got started. It was started because the Americans decided they needed the ore at Steep Rock for their defence effort and if it hadn't been for that fact, Steep Rock would never have been developed.

They never did make money in their later years, except for the last year, as I understand it. The only money they ever made was from the royalties they received from Caland Ore. If Caland Ore had not been operating, Steep Rock probably wouldn't have

been either. So one must question, at some point in the game, the management of Steep Rock and the decisions that were made there.

While there may be ore there of some kind and of some value, Steep Rock is unmineable under present conditions because of the mining costs. The underground operation obviously was a very expensive proposition. I think that, in addition to the safety factors we have already spoken of, is what put them in the red for a number of years.

The question arises why—

Hon. Mr. Auld: They had always had a small underground operation, hadn't they, Pat?

Mr. T. P. Reid: Not always. They haven't for the last number of years.

Hon. Mr. Auld: I mean from the beginning they had one.

Mr. T. P. Reid: They started underground mining but found that it wasn't feasible, economically and because of a number of other factors. Caland Ore, as has been pointed out, was able to mine underground and make a profit on it.

I should preface my remarks by saying that I was raised in Atikokan and I should tell my Socialist friends across the way that my father also went broke in Atikokan. So I know the economy of small towns probably—

Mr. Martel: He is going to move to another mining community too and set up a new business.

Mr. T. P. Reid: —a little more sensitively, maybe than others do.

However, the question in my mind is the Caland Ore situation. I understand that just as I stepped out for a minute—I was supposed to be at another meeting—you indicated that Caland is announcing—or has announced this afternoon—that they will be shutting down in April instead of in July or August.

I understand that the primary reason is simply one of markets at this stage of the game. Their parent company has said they are not going to require any more ore because there is a recession coming—if we are not in it already. All the economic indicators seem to be that we are in fact in one, or the United States is in one. When they catch a cold, Canada sneezes, so we are going to get it as well.

I recall, for instance, that that was the problem when Sudbury had the layoffs. There were no markets for the ore.

But that doesn't address itself to the problem: the fact that we are importing over

50 per cent of the iron. I appreciate what Mr. Jewett has said about the differences in hematite and all the rest of it, the iron content and so on and so forth. But we do have Bending Lake, which isn't going to be developed again until there is a market for the ore, and we do have Lake St. Joseph. I understand one of the reasons that the cost of developing that ore body has just escalated. The last figure I heard, two or three years ago, was about \$750 million; I presume, at the rate it was going, it would be close to at least \$1 billion now.

The question remains, why are we not providing proper incentives? Maybe this is oversimplification. We should have incentives, either through taxes or whatever, to insist that the three integrated companies in Ontario use the ore that is located and resident in the province. In the light of the vast amounts of money the federal and provincial governments are spending on relocating workers, the social infrastructure that isn't going to be used or is to be abandoned, I hope—and I've already put this to the Treasurer (Mr. F. S. Miller), although I haven't had an answer—there will be some kind of subsidy for these towns that are losing population because of shutdowns.

In weighing all these factors, including the work that your ministry has done or supposedly done, in dealing with these matters, surely the economic benefits of developing or providing the economic incentives for those mines to be developed to feed our Ontario mills, must be greater than the cost of the importation of American ore and the economic cost to the province and to Canada as a whole of these shutdowns, layoffs, and losses to community.

My friend has talked about the individual people who are the prime losers. Steep Rock, as I understand it, has working capital of something like, if I remember, \$45 million. That's fine for Steep Rock but that doesn't help the people in Atikokan who can't sell their houses and have to move somewhere else take that economic loss and lose all the time and effort they have put into that community. It was and still is a very good community. That's one question.

Are there any studies? Is your ministry staff, these people who are making in salaries and wages over \$6 million, doing any economic studies, cost-benefit analyses, either in your ministry or in the Treasury in this regard?

My other question to the minister is in regard to Caland Ore. They're shutting down three months earlier and may be shipping, at

some point, unrefined ore. Now, a large part of it won't even get, I understand, to the semi-processed stage of pellets. My question is—I think Steep Rock is a dead issue, unfortunately—what is the situation with regard to the ore that remains at Caland and is apparently mineable?

Mr. Foulds: That could be seven years away.

Mr. T. P. Reid: Depending on who you listen to, it may be one year or it may be seven.

Mr. Foulds: At least one year.

Mr. T. P. Reid: I'd like to know what the situation is in regard to the Caland ore body.

Hon. Mr. Auld: Before I ask Mr. Jewett to comment about Caland I would like to say this. Part of the difficulty is the question of how we could effectively force a Canadian or Ontario mill to use Ontario ore. I think there are incentives. I don't know whether there are sufficient incentives, but I don't know of a way of requiring that that ore be used—that Stelco use only ore mined in Ontario, for instance, or mined elsewhere in Canada.

That has been discussed over the years and I've heard discussions in the House in the past about it. It generally surfaces at a time when a mine is closing down and there appears to be ore that could still be mined economically. There was discussion, I remember, about Marmora at that time.

When you get into the tax incentive end you get into a complicated political situation because there are accusations that you're being too kind to the companies and that they're not paying for the resources that are the property, as they are, of the people of the province. I suppose it's a fine line between an incentive to create jobs and too much incentive, which then shows as what somebody considers to be an excessive profit.

[5:15]

The world has gotten smaller and, as was mentioned earlier, part of the problem in the basic resource industry is there are deposits elsewhere in the world and if Canada is not competitive, the industry will be going elsewhere. We don't have a big enough market in our own country to keep all our operations going if they can't export.

Any Minister of Natural Resources would be extremely anxious to see as much use of our resources in Canada as possible to create jobs and revenue for the country. But I don't think it's as simple as saying, "You have to do it or we'll get into the business ourselves."

Mr. T. P. Reid: I'm not exactly advocating that. I wouldn't go quite that far, but let me ask two other questions.

Mr. Foulds: You get into the entertainment business, you get into the park business. Why not get into the mining business?

Mr. T. P. Reid: I'd like to ask two other questions related to that. One is, as I understand it, over time, taking whatever period you want, the return on investment in the mining business is only about 12 to 17 per cent which, given the risks and the huge amount of capital that had to be invested, is not really, shall we say, obscene profit as far as I'm concerned.

The question I want to ask arises from that: Is our tax burden, both at the federal and provincial levels, as the mining associations have been saying for some time, a detriment to more exploration and development of mines in Ontario, and in Canada generally?

Hon. Mr. Auld: There was a great deal of discussion on that subject at the mines ministers' conference last year, some this year, and at some of the meetings with the prospectors and developers in the mining industry. Having heard the position put forward by the industry on one occasion, I sat down with our own staff and said, "I think they're being too heavily taxed." But as we looked into it a little further it didn't look quite as bleak as the picture had been put.

A lot depends, I guess, on the type of mining operation. There's no doubt in my mind that in terms of explorations, the risks are awfully high and the return is awfully low. It's a big gamble of an awful lot of money until you actually establish an ore body. That may be partly because of the actions of some explorers in the past and how they sold their shares and what they did with the money and that sort of thing.

I'm sure you're as aware if not more than I am, of that problem and how the securities commission has come to regulate these—

Mr. T. P. Reid: They went too far the other way.

Hon. Mr. Auld: —because of the actions of a few people—and I guess some years ago of a lot of people.

Mr. T. P. Reid: That was all right because they were selling mostly to doctors and lawyers who could afford it—and civil servants, of course.

I wonder if Mr. Jewett could tell us about Caland Ore.

Mr. Jewett: I'm happy to say that we were at Caland Ore, and had discussions with Caland this year on their ore reserve position.

They do have at least one year's ore reserve at the bottom of the pit that could be extracted—at least that's what I was advised. We were advised, however, that the decision had been made on a corporate basis and was irrevocable.

Mr. Foulds: What does that mean, "on a corporate basis"?

Mr. Jewett: In Chicago. Whether or not there are ore reserves beyond the one year, I'm afraid we would have to make further studies to find out. It didn't appear to be worthwhile going much further at that particular time.

To answer Mr. Reid's other question about other studies—I think he asked about other studies on cost-benefits in regard to the industry and whether our tax burden is detrimental to exploration and mine development in Ontario. As you may recall, about two years ago we issued two papers on the junior mining industry and the importance it has had historically to the health of the mining industry. We have a great deal of concern about this and are continuing studies in this regard.

We hope that these will mature shortly, but in the process of these studies I think we have to establish two things. The level of exploration in a province is not affected by the amount of direct government injection into the process.

We note that although the Quebec government has expended something over \$30 million in the last five years, their diamond drilling activity—one of our measures of exploration activity—is no higher than Ontario's and has been trending downwards in the same way.

Similarly, we note that the very high mining taxes in Ontario in the period 1974-75 appeared to have no effect whatsoever on exploration activity in the province. From these facts we are coming—I emphasize "coming"—to the conclusion that exploration activity is motivated by one thing above all others: the expectation of return or profit. Nothing stimulates this more than the possibility of making very high-grade discoveries such as have been made in Saskatchewan in uranium and other metals. We are beginning to see this happening in Ontario in the case of gold.

We think there are some things the government can do to improve on what we're doing now and we hope to express these. Yet, at the moment, it is the expectation of return and the possibility of sale of the product on the world market that appears to have the greatest effect on exploration activity.

Mr. T. P. Reid: I hope we'll have those comments soon. I just want to say two more things; I'm using up too much time. One is that I really find it difficult to accept that we should allow some of these companies to make a corporate decision in Chicago to close down early and take their bongos or beads or whatever—

Mr. Martel: Bongo balls.

Mr. Foulds: Take their profits.

Mr. T. P. Reid: —back when they could operate for at least another year. We're just about to the point where what we're doing is allowing them to upgrade the ore and leave. I really think—and I don't often find myself in agreement with my friends opposite—that the time has come. Steep Rock, I can understand—

Mr. Martel: That's the labour instinct in you.

Mr. T. P. Reid: I understand that Steep Rock could have gone in there, but the costs of moving their equipment and everything else presumably made that uneconomic as well. I think they have some kind of social responsibility to complete what they have started and to do it to the utmost. I leave that with you; we'll pursue it at another time when we have more time.

The other problem I have is this—and it may be a picayune one. Steep Rock was developed and was the greatest dredging experience in the world. It was new technology. They drained a lake; pumped it out. Now, with Steep Rock closing down—because under present technology they can't mine any more—as I understand it, they're going to allow the water to seep back in. It's going to happen naturally, but—I think the figure is 20 years or a little longer—that lake is going to be right back where it was in 1945.

I'm also an optimist. It seems to me that the way the world moves, with the intelligence and the expertise that we gather and gain—it's always interesting to note that we've had more advances in science and technology in the past 50 years than we did in the past 2,000—that surely somebody is going to come along at some point, hopefully tomorrow but maybe a few years down the road, and say, "We can mine that ore. We can figure out how to fix those wells so there's no danger."

Mr. Martel: You can't call it a new mine then and get the tax write-off. If they let it fill up, they will.

Mr. T. P. Reid: My only point is it seems to me that it is something that should be looked at—

Mr. Foulds: They'll be back in five years.

Mr. T. P. Reid: —with a view to being able to, again, exploit the resource that is there. I leave that with you.

Mr. Bolan: I have a large area to cover in two and a half minutes, but I'll try to make it as fast as I can. First of all, I disagree entirely with your comment that Ontario Development Corporation and the Department of Regional Economic Expansion should not go into Jarvis Clark, and I'll tell you why.

If there's anything that is lacking in northern Ontario, it's a secondary industry and secondary industrial growth. I don't think you say it for this reason, but maybe what's in the back of your mind is what Darcy McKeough said in 1977: that never in his lifetime would there be any substantial secondary industrial growth in northern Ontario. Thank God Darcy's lifetime in politics was not too long, because he did enough harm with that kind of philosophy in the north.

It really does surprise me to hear you, as a minister, say that ODC and DREE should not get into Jarvis Clark. Jarvis Clark has to be the success story of secondary industrial growth—certainly in the mining industry—in all of Canada over the past 50 years. I'm sure you're familiar with that story.

Here's an opportunity where they want to expand. There is a tremendous demand for their product. They go to DREE and DREE won't give them the money, and you implied by your remark that ODC should not give them the money.

Hon. Mr. Auld: If you got that inference, I didn't state it properly. What I thought I said was that I didn't think any public lending agency should put forward money for a project which is obviously going to fail. I did not say that what Jarvis Clark is doing, or proposes to do, doesn't have a chance of success, because I don't know.

Mr. Bolan: The story speaks for itself as far as the rate of success is concerned. I would certainly encourage public funding for projects which may hire an extra 350 or 400 people in an area like northern Ontario that is critically needed.

Hon. Mr. Auld: I'll send you some speeches I made some years ago when I was in the Ministry of Industry and Tourism about the need for secondary industry in northern Ontario. I haven't changed my mind about it.

Mr. Bolan: I'm glad to hear that. Reference was made by Mr. Jewett to—I presume—the reports on financing the junior mining companies in Ontario and the role of smaller enterprises in the Canadian mineral industry.

They're very interesting reports and they had some very significant recommendations.

These were released some time in July 1978. I would like to know what steps your ministry has taken, if any, to implement any of the recommendations of these two reports.

You did make reference to them obliquely in your last few remarks to Mr. Reid, perhaps you could elaborate on that.

Mr. Jewett: The two reports did make a series of recommendations. I would have to take a moment to go through them in detail individually. We'll do that, if you request.

As I recall, most of those recommendations required action by the industry, or action by the securities commission. Our discussions with the industry and the securities commission are continuing actively.

Our intention is, at the same time, to look at the whole sphere and examine it critically to determine what the government can do to produce the appropriate climate to encourage the small entrepreneur in mining exploration and development that we aren't doing. It is our belief that all of the elements have to be in balance or in support at the same time. It won't do much good for us to have the securities legislation changed if there isn't a means of processing the material or if there isn't financing available. We believe that not only is it necessary to have the proper tax climate in the personal field but it is also necessary to have a certain relaxation in the sale of speculative securities.

We are making these points with the people concerned. The industry is making its points and they are going to have to take some action themselves.

What we would hope to do is present a policy paper which would suggest what are the essential elements and how they might interact if everybody worked together. That I would hope we would have available early next year.

Mr. Bolan: I really don't have the time to go further into it, but at least I have some idea of what action has been taken on the reports.

[5:30]

About two months ago I spoke to the Canadian Institute of Mines and Metallurgy in North Bay. My subject was more or less a view of what was going on in the mining industry, which really is nothing. Afterwards I asked them for their comments as to what should be done.

You have to remember that the North Bay area is the secondary industry area of mining: the diamond drillers, exploration, Jarvis Clark, Long Year, et cetera.

Their main area of criticism was that there were no proper facilities to educate and train technicians to go underground and run the quarter-million dollar machines they have there. There was no type of apprenticeship program being run by the government of Ontario which would allow these people to learn their trades properly without necessarily relying on the companies to train them. They related instances to me where, for example, in the diamond-drilling business in the far north and in South America, the average age of an experienced driller was 50 years. There is nobody getting into the business. And one of the reasons they are not getting into the business is because there are no good training programs for them operated by the government.

I realize that is not necessarily your responsibility, but maybe it is something which you could pass on to your cabinet colleagues. Maybe it's something that your ministry should look into; to try to get some kind of training program—

Mr. Foulds: Cabinet committee.

Mr. Bolan: —some kind of apprenticeship program. You can even have it in North Bay. I don't care. Oh, I'm sure you'd prefer to have it in Sudbury. But programs to train these people to take on these very, very difficult jobs are lacking. They're very difficult jobs. You just don't send somebody underground and give them a Jumbo and say, "Go to town on it." These things cost a lot of money. It's also a tremendous responsibility for the mining companies to put people through these training programs.

In any event, I would like to know if you have any comments on that.

Hon. Mr. Auld: My understanding is that a number of companies—I guess all of the large companies—have their own training programs, because that's what they choose to do. I know from experience in the Ministry of Colleges and Universities that the community colleges have conducted courses; they are about as flexible as you can get. They can put a course together if there's a need for a number of technicians in an area, if somebody comes along and says, "Here, this is what we need." I'm surprised—

Mr. Martel: Let me just tell the minister what's happening. I believe for about four years there have been meetings going on between the Minister of Colleges and Universities and the unions involved to establish an apprenticeship program.

Hon. Mr. Auld: The heavy equipment program, you mean? That's currently done in some of the colleges.

Mr. Martel: It might just be an apprenticeship scheme. That has been going on for two or three years. Aren't you people and some of your staff from the ministry involved? I think you are.

Hon. Mr. Auld: I think there are courses that have been in operation for some time—certainly in some of the colleges in southern Ontario.

Mr. Martel: I don't think the real apprenticeship program has been finalized. It has been worked on for three or four years now, I guess.

Mr. Jewett: Mr. Chairman, Mr. Minister: yes, that is correct, but Mr. McCrodan now works for the Ministry of Labour. My contact isn't quite as intimate as it was a few years ago.

Mr. Martel: Don't you people have any representation on that committee?

Mr. Jewett: No.

Mr. Martel: They are still meeting now, as I understand, because Mr. Gilchrist was in to see us about it last Monday.

Hon. Mr. Auld: My understanding was that these opportunities were there and that they were being taken advantage of from time to

time but not, in many cases, on a continuing basis; although the demand would be great, they wouldn't need 50 more graduates every year in that area. They might run one course, and then another one two years later.

Mr. Martel: The mines lay off their junior men first. Now the predominant age is getting older and the younger men aren't getting the proper skills, nor are they coming back. That's something the mining industry has to wake up to: you can't go on training—that's one of the problems Falconbridge is having, as you said earlier. They can't get miners. They might get them now that Agnew Lake mine is going to shut down.

Hon. Mr. Auld: And they are having trouble with underground electricians and that sort of thing too.

Items 1 and 2 agreed to.

Vote 2504 agreed to.

Vote 2505 agreed to.

Mr. Chairman: This completes the estimates of the Ministry of Natural Resources.

Mr. Foulds: They are ended, not completed.

The committee adjourned at 5:38 p.m.

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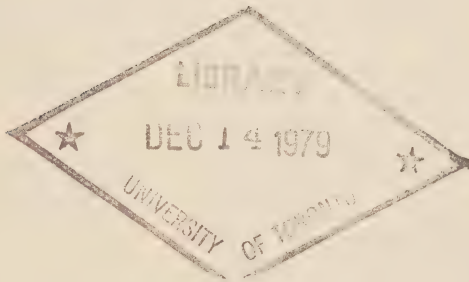
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Resources Development Committee

Estimates, Ministry of Industry and Tourism



Third Session, 31st Parliament

Tuesday, November 20, 1979

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

TUESDAY, NOVEMBER 20, 1979

The committee met at 8:06 p.m. in committee room 1.

ESTIMATES, MINISTRY OF INDUSTRY AND TOURISM

Mr. Chairman: The meeting will come to order. I see a quorum here.

We generally extend the courtesy to the minister to make his opening remarks and then the official opposition and the third party will raise questions.

Hon. Mr. Grossman: Thank you, Mr. Chairman. I welcome this opportunity to be back with you again.

I have to begin by trying to honour an understanding I believe is in place with regard to notifying committee members of any pending obligations I might have. I want to let committee members know that next Wednesday I must travel up to Sault Ste. Marie for the NOTOA convention and it will require that I depart around 11:45 a.m. next Wednesday. I would be happy to accommodate the committee members by having you proceed with my deputy, Red Wilson, for the balance of that day, which will be about an hour and 15 minutes next Wednesday, or tack on the hour and 15 minutes at any of our other sitting times.

You may want to deal with that now, Mr. Chairman, or tomorrow after speaking with the opposition members.

Mr. Chairman: Perhaps we could arrange to start a little bit earlier on the Wednesday, if it is satisfactory, to accommodate the minister.

Hon. Mr. Grossman: Sure, we could start an hour earlier.

Ms. Bryden: That's a week from tomorrow?

Mr. Chairman: A week from tomorrow. We could start at nine o'clock Wednesday morning.

Hon. Mr. Grossman: Thank you very much.

This is the second time I have had the pleasure of presenting the estimates of the Ministry of Industry and Tourism.

Mr. Hall: On a point of order, Mr. Chairman. Is this an opening statement, Mr. Minister?

Hon. Mr. Grossman: Yes, it is.

Mr. Hall: May we have a copy of it please?

Hon. Mr. Grossman: Sure; I think you can. Sorry about that. You ought to see how long it's going to be, Ross.

Mr. Hall: Yes, we want to make copious notes as we go along.

Hon. Mr. Grossman: Mr. Chairman, this is still the second time that I have had the pleasure of presenting the estimates of the Ministry of Industry and Tourism.

The year under review by this committee has been challenging and productive for both my staff and me. In last year's estimates debates I described the new aggressive stance and changing role to be undertaken by the Ministry of Industry and Tourism to meet the economic challenges of the world's changing realities. I believe many of the new initiatives and organizational changes we have made in the past year foreshadow the kind of new direction and goals we intend to achieve in the year ahead. The extensive organizational changes which were, we believe, essential to facilitate implementation of our new initiatives have essentially now been completed.

To help us meet our new challenges and opportunities we have been fortunate in obtaining over the past year the services of some very talented people from within our ministry, from other ministries and from the private sector.

On the industry and trade side of the ministry, we have created a unified group under an assistant deputy minister, Mr. Dunc Allan. Dunc, as most members know, was the former executive director of the fiscal policy division in the Ministry of Treasury, Economics and Intergovernmental Affairs. Dunc's group has the responsibility for program development and delivery.

We have created new industry division branches, each headed by a product manager or director who is accountable for the success of each program. These include the industrial development branch, which is responsible for developing policies and programs to facilitate growth and investment in key industries and to ensure that Ontario gets its fair share of investment. John Blanch-

ard has joined the ministry as director of this branch and brings with him over 18 years' experience as general manager and secretary-treasurer for the Toronto Area Industrial Development Board.

Mel Garland heads up the new trade development branch, which is responsible for expanding the ministry's export support programs and refocusing our efforts to target on a core of select markets and companies. As former executive director of the industry and trade division, Mel was a natural choice to head up this unit.

The small business development branch performs an advocacy role for small business within the various levels of government and corporate organizations. Under John Laschinger, the new director, we have made a number of new initiatives to help satisfy the needs of small business. John has several years' private-sector experience in such positions as marketing manager of Orilick Industries Limited and as product manager at IBM Canada Limited, to name just two.

These three branches are complemented by the industries operation branch, which is responsible for the delivery of their programs and for regular contact with the business communities. Fred Hall, a nine-year veteran of the ministry, is the executive director and is responsible for the operation of the Ontario and international offices. Presently, we have 15 offices throughout Ontario and seven offices strategically located abroad.

Through the closer communications developed as the result of the formation of this unit, Fred and his staff are able to carry out the ministry's programs more effectively and efficiently in reacting to the trade and industrial development needs of Ontario manufacturers and municipalities.

Domestically, we are in the process of opening three new field offices to be located in the great municipalities of Hamilton, Mississauga and North Bay.

Mr. Eakins: Is this to be checked against delivery?

Hon. Mr. Crossman: They'd be even greater if two of them changed their representation in the House.

Mr. Hall: You're not against Mississauga?

Hon. Mr. Crossman: No. It's interesting that we should be opening two offices in opposition-held areas and only one in government-held land.

Mr. di Santo: Is that Hamilton West?

Hon. Mr. Crossman: I'll have to check. It doesn't matter to us these days.

These additional facilities will contribute to the more rapid dissemination of trade and industrial development information received from our offices abroad, as well as having a greater impact locally with such programs as the Shop Canadian campaign and the import replacement seminars.

Internationally, our offices abroad have been strengthened through the establishment of additional staff officers posted from Ontario to each of our offices in the United States, Europe, the United Kingdom and Japan. Because of their background in the ministry and the province, these upgraded facilities will be better able to stimulate investment, industrial development and export trade. I believe our new Ontario sales force abroad will also help create a greater awareness of this province's advantages and benefits to closer liaison with the foreign business and investment community.

A new evaluation and assessment branch has been created for the administration of the Employment Development Fund board's industrial assistance program. David Girvin, the director, has extensive experience in the financial area as a former consultant with ODC. Dave directs a small group of financial analysts who are responsible for co-ordinating, analysing and negotiating all the requests for EDF assistance. They are also responsible for followup procedures including performance audits.

Finally, on the industry side of the ministry, we have created a customer service group to establish a one-window approach to help business people voice their concerns and problems about government regulations and policies, so that our ministry can act on their behalf.

On the tourism side of the ministry we have also undertaken some major changes and reorganization. The appointment of John Maxwell to the position of executive director of tourism last March signalled a new era in Ontario tourism. We specifically selected John because of his direct manner, his orientation towards immediate action and results, his businesslike approach and his extensive background in marketing. I am sure many of you are quite familiar with John's evident capabilities as displayed in his former position as general manager of Ontario Place.

[8:15]

I am pleased to confirm today that John Maxwell has now been designated assistant deputy minister of tourism. This upgrading of John's position underlines the equal emphasis we place on both tourism and industry in my ministry. It gives us for the first time an assistant deputy minister of

tourism to match the assistant deputy minister we have had for some time on the industry side.

We have been making a number of new improvements to the tourism division. A market analysis unit has been added to the tourism marketing branch to assist in bringing about a more effective delivery of the ministry's tourism promotion services.

Additional funds have been reallocated to support increased domestic and international tourism marketing efforts. A new office for tourism was opened in our Paris office during the past year and six new tourism managers have been appointed in St. Catharines, Sudbury, Orillia, Brockville, London and Thunder Bay, to decentralize the management of tourism programs and provide more senior staff in the field.

We have also been making improvements to our policy and priorities division. On January 1, 1979, Bob Mifflin, formerly corporate planning manager for Eaton's, was appointed executive director of the division succeeding Red Wilson on his appointment to the deputy minister's position in my ministry.

The policy and priorities division has also been augmented by the transfer of selected sections from the former industry branch in order to provide improved sector policy capability. Janet Rush has been appointed director of the program planning and analysis branch. Jan was the co-ordinator of the resources planning committee of the Ministry of Transportation and Communications for the last five years.

Dave Barrows, a former consultant with Peat, Marwick and Partners Limited and senior policy advisor with program planning and analysis branch, is now director of industry sector policy branch.

I have also made substantial changes to those in agencies outside the ministry structure reporting to me. The role and objectives of the development corporations have been redefined. In past years, the development corporations provided most of their financial assistance in the form of direct loans to new and existing businesses when funds were not available from conventional sources on reasonable terms and conditions. The corporations now place greater emphasis on the needs of small business and make a strong effort to encourage more private-sector lender participation in small-business financing. Secondary manufacturing industries, service industries closely allied to manufacturing, tourism operations and tourist attractions are all eligible for development corporation assistance.

Blair Tully has been appointed executive director and chief executive officer of the development corporations. Blair joins us from the Ministry of Treasury and Economics where he was director of the economic policy branch.

We have also established a much closer working relationship with the Ontario Research Foundation. Bill Stadelman, the president, now sits on our weekly policy committee meetings.

The Ontario Place Corporation's new general manager is Bruce Longhurst. Bruce served as vice president and general manager of Ticket Reservation Systems of Canada Limited for 10 years. Previous to that Bruce was with Bell Canada for seven years where one of his functions was to design communication systems for Expo 67.

These were the major structural and personnel changes that have taken place in the past year. I must say that I am very proud of all of our staff of my ministry. I am confident that under the direction of my very able deputy minister, Red Wilson, and our new management team, we at the Ministry of Industry and Tourism will be able to meet the challenges we face in the oncoming year.

Indeed, the challenges facing us will be difficult. There will be certain problems created if there is a downturn in the economy. We will have to face up to the realities of higher energy prices. High interest rates will cause difficulties for small businessmen. We will have to plan for the full impact of the tariff changes that will begin to result from the Tokyo round of the GATT negotiations. Ontario manufacturers will have to make a number of adjustments to meet the challenges of an increasingly more competitive trading world.

As a province, we will have to face up to the realities of the investment incentives offered by other jurisdictions. We will have to become more aggressive in our international trading efforts, particularly on behalf of our high technology manufacturers. And we will have to begin to tackle the root causes of our \$600 million tourism deficit.

Each of these problems I've touched on, Mr. Chairman, will require a response from my ministry. I would like today, to address each of these issues and indicate for the committee members what our ministry is doing to tackle these problems.

First, a current economics outlook for Ontario. In our media review we predicted that the Ontario economy would grow at about the same rate as the rest of Canada, that is about three per cent in real terms. As this

year comes to a close, our economic performance appears to indicate a GNP growth in the 2.5 to three per cent range. That is either just about or a little below what we predicted.

There are a number of key indicators which provide ground for mild optimism. Our job-creation rate in Ontario for 1979 is likely to be in the range of 140,000 to 150,000, up from last year's phenomenal rate of 133,000. Much of that increase has been due to the strong growth in manufacturing employment. Our manufacturing orders, both new and unfilled, have continued to increase in the first half of the year. The unemployment rate is down from a year ago, with Ontario's rate of employment down a full percentage point below the national average of 7.1 per cent.

Our manufacturing shipments have increased by 18 per cent in value over last year. Capacity utilization was at a record 86.4 per cent, up one per cent from last year. Profits in manufacturing in the second quarter were 40 per cent higher than the year before. Although there has been some weakening in the growth trend in manufacturing output in the latter part of 1979, I think it is likely 1980 will see low but positive growth in manufacturing shipments.

Mr. di Santo: It's doubtful.

Hon. Mr. Grossman: I'll bet you dinner on it. However, against this background of cautious optimism it is important that we consider some of the more recent events that will impact negatively on the Ontario economy in the next year. I'm referring here to the energy price increases and the record high interest rates set by the federal government. The probable decision to increase the price on a barrel of Alberta crude oil will have direct and immediate consequences for the economy. The members here are already familiar with the direct costs of oil price increases on GNP, consumer price index and on the economy.

The second recent potentially major negative economic impact is the Bank of Canada's decision to defend the Canadian dollar with record high interest rates. The reality is that the prime lending rates as high as 15 per cent with mortgages approaching the same level will reduce purchasing power, slow housing starts and retard business expansion.

I've been particularly concerned about the impact of high interest rates on small businesses. In private discussions with the banking community, I've urged greater financial support for small business through increased use of the Small Business Loans Act and more flexible lending requirements. As interest

rates have been rising we have taken a public decision that the banks should make all attempts to be flexible on interest rate increases for small business by holding a line on the terms of existing loans and allowing our small businessmen some breathing space.

Mr. Hall: Have you had any luck?

Hon. Mr. Grossman: Yes, two responses so far which we can get into a little later. While I find some of the economic forecast too pessimistic, we also don't underestimate the seriousness of the situation. Whatever forecast you accept, I think they all point to the need for a more aggressive post-GATT policy, a more aggressive export policy, an expansion of our trade programs and a greater determination to compete in foreign markets.

With regard to the Tokyo round, Mr. Chairman, the final GATT agreement will result in both advantages and disadvantages for Canada. The final GATT agreement will result in an increase in Canada's duty-free trade with the US, from 66 per cent to 80 per cent over the next eight years. Combined with our lower dollar, those gains mean that our industry can be much more competitive in the huge US market than we have been ever before. More and more manufacturers will now be able realistically to plan on a continent-wide market rather than having to limit themselves to the small Canadian domestic market. The overall results of the Tokyo round were more moderate than we originally anticipated, but I'm optimistic that they will provide new opportunities for increased exports. An important general outcome of the negotiations is that reduced Canadian tariffs will mean lower cost parts and machinery and equipment for a wider range of firms and industries. I expect that this will improve their competitiveness in both domestic and international markets. In addition, these lower tariffs will also contribute significantly to a moderation of consumer price increases.

Mr. Chairman, the US also adopted an international code of countervail. This code requires a test to determine whether or not a United States industry has in fact been injured before penalties can be imposed against Canadian exports that may have benefited indirectly from government assistance measures. Should this prove effective in practice it could allow us much greater scope in our use of industrial development incentives.

I was disappointed however, that the federal government was unable to negotiate the reduction of tariff and non-tariff barriers in areas that Ontario viewed as critical in achieving a balanced deal on GATT. The

limited results obtained in terms of coverage under the government procurement code means a desired new market access for some Ontario industrial sectors with good export potential has not materialized. We have spoken to the Canadian ambassador to the United States, Mr. Peter Towe, about this situation and he is continuing in his efforts to press our case, particularly in the multi-billion dollar United States mass transit market.

Mr. Chairman, I have pointed out on a number of occasions that the final success of the GATT negotiations will depend on the commitment of the federal government to establish effective adjustment assistance and export promotion programs which will enable our manufacturing sector to take advantage of new export markets and to maintain our position in the domestic market. We're convinced that in the years ahead Ontario and its manufacturing industries must take a more active role in trade policy development. To advise us in this area we have obtained the services of Mr. Rodney Grey as a special adviser on trade policy issues.

Mr. Grey was the former chief of the Canadian negotiating team in the Tokyo round and has extensive experience in the negotiation of trade and tariff agreements at the 1956 GATT talks and the 1963 Dillon round and the 1966 Kennedy round. His extensive knowledge and awareness of trade legislation, the use of non-tariff barriers and the bargaining tactics of our major trading partners will be, I think, of significant benefit to the government of Ontario and in particular to our manufacturing industry. It is our hope that Mr. Grey will enable us to develop an even greater degree of in-house expertise in the whole area of trade and trade policy.

Mr. Grey will also be helping us to develop country-specific trade strategies. We are particularly interested in finding ways and means of increasing our exports of manufactured goods. As members know, we are already one of the most successful exporting nations on earth. Our exports account for about 25 per cent of our gross national product compared, for example, with a level of less than 10 per cent in the case of the US. However, most of our international trade is in natural resources. If you take away our export of minerals, pulp and wheat, the figures are not encouraging.

But manufacturing is too important for us and Ontario must and should stand up for our manufacturing industries. We are concerned that with the lowering of tariffs and the emergence of powerful new trading nations from among the newly-industrialized

countries, the likelihood has increased of an expanded use of unfair trade practices in the Canadian market by some of our competitors.

To maintain a fair and stable environment in the country for our domestic producers it is essential that the federal government commit itself to substantial improvement in the machinery to enforce anti-dumping and countervail legislation in Canada. To achieve this, major new federal resources must be devoted to these activities.

In particular, the federal government must act on behalf of threatened domestic firms to ensure timely and effective remedial action on unfair trading practices; develop a set of comprehensive adjustment policies and programs designed to help our industries to adjust to the new rules of international trade; develop more aggressive positions in fostering international trade; improve the international marketing capability of Canadian-based firms; facilitate restructuring of our industries by our government procurement policies, merger facilitation, duty remission programs and risk financing measures; promote innovation through more substantial tax credits, contracting out and encouraging R and D consortia and other co-operative efforts.

This last point is of course important, Mr. Chairman. The fact is that some of our competitors have already built significant industrial strength because of their low wage structures. They are now competing with increasing effectiveness in some of our traditional export markets, as well as here within our own domestic market. For this reason our industrial future is going to have to be based on high technology rather than low costs for tariff protections. That is going to mean we will have to make a much greater commitment to research and development.

[8:30]

In this regard, I was pleased to note that the new federal government is apparently committed to a very significant increase in the investment which Canada makes in science and technology. The Honourable Heward Grafftey, the new Minister of State for Science and Technology, recently announced the federal government's intention to increase our research and development spending, not to 1.5 per cent of gross national product, as advocated by the former administration, but towards an even more ambitious goal of 2.5 per cent of GNP. I'm anxiously waiting to see what specific programs the Clark government will be launching to ensure steady and continuous progress toward this 2.5 per cent goal.

For Ontario's part, it is our view that government policies and programs must have a clear focus on industrial research and development. I believe that this is the area where our emphasis must be placed.

It must be recognized that only three per cent of Canada's manufacturing firms maintain a research and development facility of any sort and that, in general terms, a company is not in a position to establish such an inhouse capability unless its sales are in a range of \$10 million to \$15 million per year. However, there are many medium and small companies with sales below this level that can support and benefit from technical development programs or services if these can be provided under contract.

The Ontario Research Foundation has been providing such services to industry within this province. These services have ranged from the development of new products and processes to the evaluation and testing of materials to specified standards. In its inception and through its history, ORF has been supported as a partnership of the Ontario government and industry, and much of its efforts have been directed towards this group of medium to small companies.

Over the years, ORF has satisfied a need that could not have been met effectively by other means. In 1978, its income from work conducted for industry was \$5.8 million and the extent of its involvement with the broad industrial sector can be gauged from the fact it served some 1,600 companies during the year. Approximately 1,000 of those companies spent less than \$1,000 for basic test work or assistance in solving technical problems that were important to their operations. At the other end of the scale, some 16 companies spent more than \$50,000 each at Ontario Research Foundation, many of the programs being directed towards the development of new or improved products and processes.

With the key role that technology plays in industrial competitiveness, it is the intent of my ministry to strengthen the ability of the Ontario Research Foundation, to serve industry within the province. This year we increased ORF's performance grant by \$400,000 and it is our intent to make another substantial increase in grant funds to the ORF in the coming fiscal year. These additional moneys will be directed towards broadening ORF's capability to assist Ontario industry, particularly in those areas that affect the ability of our companies to compete with foreign products in both domestic and offshore markets.

However, developing high-technology industries in Ontario will not in itself be enough. We need to sell, and sell hard.

Quite frankly, I have been very disappointed with Canada's efforts to sell our Candu system. The Ministry of Industry and Tourism intends to take a lead role in developing a more aggressive marketing strategy for what we believe is the best nuclear generating system in the world. In the year ahead we will be working with AECL and Ontario Hydro to ensure that our sales efforts abroad are improved.

We were naturally very disappointed when Canada lost the Argentina Atucha II deal. That particular sale would have resulted in 15,000 man-years of Canadian employment, with more than 60 per cent of those jobs being located here in Ontario.

As you know, on our trip this fall to the European Economic Community the Premier (Mr. Davis) and I spent a good deal of time speaking to the appropriate decision-makers about the possibility of Candu sales. We still have another opportunity for a sale to Japan. Frankly, we are going to have to face the necessity of improving the fair access of our high-technology manufactured products like Candu to international markets.

Basically, what we should be saying—and saying as forcefully as possible—is that we expect our industries to be permitted to compete in other countries' markets on the same basis that we permit their industries to compete here. I believe we are going to have to be prepared to use what economic muscle we have to fight for that kind of fair treatment of our industries. We do have some significant economic muscle here in Canada.

In the case of Japan, I believe we should be making it clear that we consider their decision on Candu to be an indicator of whether or not they are prepared to permit sophisticated Canadian manufactured goods to compete freely in the Japanese market, on the basis of their quality and on the value they can offer. I believe we should make it clear that their decision on Candu will help clarify for us whether they are prepared to provide Canadian industry with the kind of access to the Japanese community that their industry has to our own domestic market.

Early next year I intend to visit Japan again and relate this position to them. But it is equally important for the federal government to take the same type of aggressive approach, not simply to Japan but to the European Economic Community as well.

Mr. di Santo: The Japanese want our resources.

Hon. Mr. Grossman: That's right. But we shouldn't give them to them without getting something in exchange.

Mr. di Santo: Two weeks ago they told us in the Royal York Hotel they are not interested in our petroleum resources.

Hon. Mr. Grossman: Our natural resources are one example.

Mr. Hall: But you want fair trade.

Hon. Mr. Grossman: We'll work at that. What we want is fair trade.

Mr. Hall: Now you tell us.

Hon. Mr. Grossman: You weren't listening. I told you a thousand times.

This aggressive spirit must also be shared by our Ontario-based manufacturing industries in their own export efforts. One of the primary objectives of my ministry is to increase international sales of Ontario goods and services through specific programs of support to the private sector. In 1979-80 we will have a total of 47 major trade activities around the world to assist approximately 450 Ontario manufacturers. We have added 10 more international trade activities over the 1978-79 program because we are convinced they are a cost-effective and efficient method of increasing our foreign sales.

Our five main export programs are, first, our trade fairs and exhibitions program, through which we assist key Ontario manufacturers to exhibit their products to potential buyers around the world. In 1979-80 we will conduct 13 such missions in the UK, Mexico, Yugoslavia, Israel, Switzerland and Germany and we will conduct six such missions in our biggest market, the United States.

Under our capital project missions we introduce consulting engineers and potential consortia members to major international trade opportunities. We will be participating in eight such missions in 1979-80, including three in Africa, two in Asia and one each in Mexico, Venezuela and the US.

Third, our product introduction program introduces Ontario manufacturers' products to interested agents and distributors. This year we will be participating in six such programs in the United States.

Fourth, our major activity in the promotion of international trade is our trade missions. This year we are planning 20 sales missions, including four in Europe, three in the USSR, two in South America and one each in China, the Middle East, Mexico, India, Japan, Taiwan and Korea.

Finally, our export support loan programs operated under the development corporations provide financing assistance to small Ontario businesses looking to develop markets abroad. Last year an estimated \$75 million in export sales to more than a dozen countries were financed under this program.

I have personally taken an active role in pushing for increased international sales. In the last year I have visited Mexico, Japan, Israel, France, Holland, Belgium, Switzerland, the United Kingdom, the United States and the European Economic Community. Quite frankly, I'm impressed with what we've been able to achieve in these international sales missions.

In June, for example, when I had the pleasure of leading a trade mission to Israel, we were able to introduce nine Ontario manufacturers to trade possibilities in that country. To date, all nine manufacturers have appointed an Israel sales agent and their initial or sample sales reached \$485,000. In Japan, seven firms got firm orders valued at \$320,000.

I think these kinds of immediate success stories indicate why we back our export sales programs and why we've decided this year to expand them further.

In addition to our export sales efforts we must also increase our effort to replace imports. In 1978, Canada exported just over \$19 billion worth of manufactured end products. In that same year we imported almost \$31 billion worth of manufactured end products.

We have developed two approaches to this problem. We have actively promoted a Shop Canadian program and we have pursued an aggressive import replacement program.

We have developed a three-pronged approach to promoting Shop Canadian. First is our consumer program, which is composed of advertising, shopping centre promotions, school programs and co-operative promotions with retailers. Second is our manufacturers' program, through which we've encouraged Canadian manufacturers to label their products with the Made in Canada symbol. I'm quite proud of the success of this aspect of the program. We've already distributed 21 million free labels to manufacturers across Ontario, and each of those manufacturers has benefited from the program.

The third element of the program is government procurement. As members know, we have a clear policy of giving Canadian suppliers a 10 per cent price preference in government purchases. We are currently reviewing the effectiveness of our existing preference policy. The second approach which I mentioned is our import replacement pro-

gram. We believe we've adopted a pragmatic approach that will work, and is working.

The trade development branch is running a series of manufacturing opportunity shows across the province intended to encourage domestic sales of parts and finished products that could replace supply from offshore. To date, four shows have been held in the province, the last of which was held in Sudbury and related to the mining industry. Our display for import replacement in mining alone was worth—

Mr. Wildman: Try to listen to Floyd and Elie about the need for manufacturing of mining equipment.

Mr. di Santo: How much mining machinery did you import last year?

Hon. Mr. Grossman: We'll be happy to get into that. The question is: How much will we import next year, after our tremendously successful manufacturing opportunity shows?

Mr. J. A. Taylor: It depends on whether we have an industry, I suppose. If you guys got into power we wouldn't have an industry.

Hon. Mr. Grossman: Our display for import replacement in mining alone was worth \$35 million to \$40 million in potential sales of equipment parts. We have found this program to be very successful, and we are planning to hold a major government procurement show involving other provinces next year.

The trade development branch is also involved in a complete review of ongoing activities. They will be examining new approaches to domestic and international marketing, and I hope to make a statement to the Legislature before year end on substantial new initiatives we intend to take in this area.

The expansion of our trade activities is critical to the performance of our manufacturing industries and I am hopeful the federal government will match our initiatives, so we are even more competitive in international markets.

A lot of what I've been talking about here today has been about the need for us to compete. In terms of competing for new investment with other jurisdictions, we've had to face up to the same kinds of challenges.

To give you some sense of the intensity of the competitive efforts in this area, I can tell you it is estimated that in 1978 \$28 million was spent in the US for advertising the advantages of various potential industrial sites, and this expenditure has been growing at a rate of 40 per cent a year.

The people who oppose government assistance to industry, like Elie Martel and Floyd Laughren, have perhaps lost touch with the

unnerving realities of international competition today.

Mr. Wildman: No, no. As long as we get equity or a return on the investment we're quite willing to go along with that.

Hon. Mr. Grossman: The Americans and in particular, the state governments—

Mr. Wildman: We're just against socialism for the rich.

Mr. J. A. Taylor: You Bolsheviks be quiet until the minister finishes.

Hon. Mr. Grossman: The Americans, and in particular the state governments—don't go away, Jim—have responded to the generally sluggish economic situation by stepping up vigorous advertising campaigns to attract new development. They have been succeeding rather well.

The sunbelt states have managed to attract more than their normal share of industry because their populations and markets are growing and their labour costs are lower than most.

To meet the competition, the northeastern states have responded with industrial incentives, such as low-interest loans, tax-free industrial revenue bonds and direct capital grants.

[8:45]

We should make no mistake about it. We are in a competition that will affect our very ability to continue to be a major manufacturing centre. We do not have the option of continuing as we have lived in the past. We are increasingly seeking out opportunities to put Ontario's case, and the many advantages we offer, before investment decision-makers.

In the months ahead, as we plan for the next fiscal year, we will be developing a major marketing program to begin to form a perception among the investment decision-makers that Ontario can be a base for North American, rather than merely Canadian, operations.

In the short term we must continue to be prepared to be competitive in the face of offshore incentives for strategic investment. In the longer term we believe our ability to compete on our merits will depend on achieving a higher level of knowledge about Ontario among these decision-makers, but we still have to meet the vigorous offshore competition for industrial development.

To meet this kind of competition, as members know, we established the Employment Development Fund. The amount of the fund was set at \$200 million in 1979-80. After substantial allocations to the pulp and paper industry, the automotive industry, man-

power training and other commitments, \$35 million remains in the fund for the balance of this fiscal year.

We are attempting to use this fund in such a way that it reinforces our long-term industrial strategy by placing emphasis on applicants who have developed a Canadian research and development commitment, a full and independent purchasing mandate, a global export mandate, effective and independent Canadian management control, and substantial reinvestment in Ontario.

The EDF board will not provide complete financing for projects. As a rough indication, the employment development board has approved funding to projects where the grant was between \$2,000 and \$3,000 per job created by the project, and where the new fixed-assets investment was from 10 to 20 times the size of the grant. This program, the EDF, does not in itself combat the investment incentive competition offered by other jurisdictions but it does at least keep us in the game.

We have been successful in attracting international film makers to Ontario. Anyone who lives in Ontario realizes that the film industry is on a terrific upswing here. This year will see \$150 million worth of film production take place across Canada. To date, Ontario's share will total \$75 million.

Generally, Canadian feature films shot in Ontario are budgeted at \$3.2 million each. Some 80 per cent of those budgets stay in the province through direct wages and supplies and services to the production and post-production stages. During the current calendar year 23 feature films have been shot or are shooting now. Of those 23, my staff has been involved in 15.

My ministry's film industry development program demonstrates our ability to aggressively support a growth sector of our economy and it demonstrates our ability to compete.

But the backbone of our economy has always been and will always be small business. Over the past number of years small business has created more new jobs than big business has, and because they are less capital-intensive, small businesses can create new jobs at a lower cost. That is why I place such a strong, new emphasis on a small business program.

This government, in recent months, has introduced several initiatives to assist small business development in our province. We have introduced a stronger apprenticeship system, a systematic program of deregulation to cut back on the burden of red tape, budgetary measures such as lower capital taxes

for small businesses, extended retail sales tax exemptions, elimination of succession duties and simplified capital tax calculations, and the new small business development corporations program, which will ensure a stream of equity capital is available for new and expanding enterprises.

Mr. di Santo: That is not what your federal member said in the *Globe and Mail* today.

Hon. Mr. Grossman: If you take the responsibility for all your federal members, I will take the responsibility for all of mine. Think it over carefully.

Within our own ministry we have redefined the role of the Ontario development corporations, expanded our field force efforts and have adopted the role of an advocate for small business. The new role of the development corporations is an important part of our program to encourage the creation and growth of small businesses in both manufacturing and tourism. Last year, the three corporations together committed more than \$70 million in assistance in the form of loans and guarantees. Demand for the financial and advisory services provided has been heavy and growing rapidly.

Recognizing the need to meet these demands within the constraint of available resources, the minister undertook last spring to review our programs of assistance to small business. This review sought to find ways to satisfy the growing financial needs of small business, to ensure flexibility and responsiveness in our programs, to expand our advisory capacity and to minimize overlap and maximize access to capital resources.

Subsequent to this review, the government has reaffirmed the role of the development corporations and their traditional programs of assistance to small business. In addition, the corporations have taken on an expanded role and are encouraging private lender participation in assisting small business. Greater emphasis has been placed on guarantees as a means of securing private financing and the corporations are working more closely with the banks and other private lending institutions in developing programs of assistance.

Since their inception, the three development corporations have played a major role in assisting businessmen in Ontario to establish and expand. About 1,700 Ontario companies are presently benefiting under one of our programs. The portfolio of loans and guarantees assisting secondary manufacturing and tourism currently totals close to \$230 million, and the assistance provided last year will result in the creation of more than

13,000 new jobs in small businesses across the province.

The development corporations are not in competition with private lenders. They are a different vehicle available to take risks and make things happen for small businesses which would not otherwise go ahead. Their record of success in identifying and supporting sound business proposals is a good one and the new initiatives taken in the past year will ensure that record continues.

A second major thrust to support small business is our field force. The ministry has developed a strong field force of industry consultants to provide information and advice to the province's small businessmen. Last year some 20,000 calls and visits were made to small businesses, mainly in the manufacturing sector.

These consultants, all of whom have considerable private sector experience, act as a liaison by providing information on federal business assistance programs and the provincial programs available from our ministry. Our own programs include industrial research and development incentive grants for both businesses and inventors, one-on-one consulting in finance, marketing and productivity improvement; low-cost consulting services utilizing the knowledge and skills of 120 business students in 12 universities across the province, the computer-equipped energy bus which helps manufacturers to find the energy savings possible in a plant or factory and how these savings might be realized, and the use of private sector small business consultants to work with local enterprises in select communities.

The questions now are: Where do we go from here? Should our focus change? Is our emphasis correct? Do we need programs and new services? We carefully considered those questions and have decided to embark on a two-pronged program to develop our services for small business. First, we will be improving our communication with the business community. We have to do a better job of making small businesses aware of existing programs, both federal and provincial, and we have to do a better job of ensuring that those services are used by the entrepreneur.

Second, we have shifted our role from one of simply providing services on request to the more activist approach of operating as a small business advocate from within the Ontario government.

We want to be a spokesman for small business, an advocate of the kinds of changes that are needed both inside government and with other agencies, boards and institutions. Part of the advocacy role involves repre-

senting the view of small businesses when new or revised legislation is being contemplated by provincial and federal governments. I recently met with the new federal minister responsible for small business to discuss our concerns about future federal initiatives and directions, but our activities have not been restricted to working with governments alone.

In July, I met with senior representatives of the five major chartered banks in Canada to discuss the Small Business Loans Act, a federal guarantee program providing capital loans to small business and operated through the banks. Ontario firms account for only 11 per cent of the activity under the SBLA, and we believe the program is not being fully utilized in this province. I had a frank discussion with the bankers and the result has been an increase in the Ontario totals. In addition, at least one major bank has started to actively promote the program and is encouraging its use internally.

Another project I am personally involved in concerns the businessman's complaint about scarcity of working capital. One factor, albeit a minor one, is the frequent failure by government to pay its accounts on time. Governments don't purposely lean on their suppliers, except in Saskatchewan—

Mr. Wildman: Come off it.

Mr. Samis: Cheap shot, cheap shot.

Mr. Wildman: It's one of the few provinces operating in the black.

Hon. Mr. Grossman: —but I believe when an account is overdue they, like any business, should be required to pay a penalty. We are actively promoting a change within our government to ensure that interest will be paid on accounts over 30 days. I hope we will be successful with this proposal. It makes sense for companies doing business with the government and will improve the customer service aspect of government operations.

The second but equally major function of my ministry is the promotion and development of tourism in Ontario. Although incredibly it is still not a well-known fact, tourism is one of the largest employers in Ontario, with some 42,000 firms directly or indirectly providing jobs for 542,000 Ontarians. This is about 14.1 per cent of the employed labour force on a year-round basis. In 1978, tourism generated \$5.7 billion in direct receipts. That represents 6.3 per cent of Ontario's gross provincial product, ranking it second only to the automotive industry.

In addition, tourism also helps reduce regional economic disparities, both within Canada and within provinces. Research indi-

cates that a net inflow of 1,000 tourists into a region can generate as much as \$99,000 of income and five man-years of employment. Tourism, therefore, is a vitally important industry, and it is particularly important as a potential economic development tool for Canada's northern communities.

I am pleased to report that Ontario's tourism industry has made substantial gains this year in terms of visitation and expenditures. Our forecast is that total tourism revenues for calendar year 1979 will increase by 15.8 per cent to a total of \$6.6 billion. Therefore, we expect Ontario's balance of payments on our tourist account to improve substantially this year. We expect to decrease our deficit from \$600 million in 1978 to approximately \$480 million in 1979. That's quite an achievement.

This gain is due to increases in US and other foreign tourist spending in Ontario, in the order of 7.5 per cent and 33.3 per cent respectively. We also account this to the increases in spending within Ontario by Ontarians and by residents of other provinces in the order of 16.3 per cent and 13.3 per cent respectively.

A major reason for the increased retention of Ontarians and other Canadians in Canada, besides the energy situation, is the relatively higher cost of foreign travel due to the weakness of our currency. See how objectively we state the case? Ontario resident travel to foreign destinations in 1979 is expected to be about seven per cent less to the USA and 0.5 per cent less to other foreign destinations.

The second reason for our decreased travel deficit is that foreign travellers have become aware of the price advantages that a vacation in Canada offers. Currency fluctuations since 1976, and the resulting increased purchasing power of the British, German, French, and Japanese currencies are a prime reason for their new interest in Canada.

[9:00]

Overseas revenue accruing to Ontario has nearly tripled in the past five years and currently accounts for about 30 per cent of all foreign tourist spending in Ontario. However, Ontarians themselves are still our biggest customer. Of the \$5.7 billion in direct receipts in 1978, about 67.6 per cent was generated by Ontario residents, 14.7 per cent by US visitors, 6.8 per cent by overseas visitors, and 10.9 per cent by visitors from other provinces.

The marketing strategy of the ministry is to retain and strengthen our traditional markets and to position Ontario more strongly as a desirable value-for-money vacation destination in the international travel market.

The priorities are: to encourage Ontario residents and other Canadians to vacation in Ontario; to encourage residents of other provinces, with special emphasis in Quebec, to vacation in Ontario; to develop the potential in the higher-value-currency countries of western Europe and Japan; to stimulate longer-term American visitation to Ontario; and to strengthen travel trade efforts to take advantage of the growing trend to use mass modes of travel—particularly air travel—and packaged vacations, domestically and internationally.

In the domestic market we use a mix of television, radio, newspaper and billboard advertising to communicate the range of tourism products in Ontario. This year we have introduced advertisements in the francophone markets of Montreal, Quebec City and Ottawa, using television and newspaper advertising in the spring-summer season. We continue to promote interprovincial travel along the Heritage Highways in Ontario and Quebec in a tripartite co-operative advertising and information program each spring and summer.

The We Treat You Royally slogan, which I spoke to you about at last year's estimates, is in its second year. Its purpose is to emphasize to Ontario residents the economic benefits of tourism and encourage them to be hospitable to visitors. It is an integral part of our media advertising program and has achieved high awareness levels.

In foreign markets we now have locally engaged tourism consultants in Frankfurt, Tokyo, Paris, London and Los Angeles. Our tourism officers are now working closely with major carriers and wholesalers to develop, distribute and promote Ontario package vacations in these expanding markets. Also, this year we will produce an overseas version of our very successful traveller's encyclopaedia in English, French, German, Japanese and Dutch.

Our marketing thrust in the USA is to increase visitation and revenues through encouraging longer trip and higher-value tourism. Consequently, we run full-page, four-colour, year-round ads in leading national US magazines. This affords more precise targeting and is supplemented in our prime market, border-state markets, by colour ads in daily newspapers and 60-second radio spots.

Once our visitors have arrived we have travel centres to serve them. We now operate 38 travel centres in Ontario. This year, in an effort to improve customer services, a three-year program of reconstruction and renovation of travel centres was introduced.

All centres will have design continuity for easy identification, and all will have self-service facilities.

A new centre is under construction at Fort Erie at a cost of \$350,000, and remodelling has started at the Barrie Travel Centre at a cost of \$165,000. Two self-service units are expected to be completed at Odessa and West Lorne which will enable year-round service for the first time.

Following a successful test last year, currency exchange facilities have been incorporated into five of our travel centres at major border crossing points, with a sixth to open at Fort Erie next summer. During the 1979 season, \$5 million US dollars were exchanged at these centres.

Besides the ministry's travel counselling program at travel centres across the province, many customer contacts were handled by telephone at head office. All our advertising contains our toll-free telephone number where specific inquiries can be handled. Due to the high volume of calls we have doubled the number of incoming telephone lines for the peak summer period.

High quality publications are distributed to over one million travellers or potential travellers each year as a result of these direct contacts, and it has enabled us to directly promote a number of tourist attractions in Ontario.

I am also pleased to report that Ontario Place has just completed another record season, the third in a row. Attendance hit 3,258,900—up 5.4 per cent. Revenues for the summer season are 18.5 per cent over the previous season.

Mr. Hall: How much is the loss?

Hon. Mr. Grossman: About \$900,000.

Mr. Hall: A good year.

Hon. Mr. Grossman: As for Minaki Lodge—

Mr. Riddell: Let's talk about that.

Mr. Eakins: That always starts near the end.

Mr. J. A. Taylor: It has tremendous potential.

Hon. Mr. Grossman: And in conclusion—

Mr. Hall: Didn't Minaki all start with a \$400,000 defaulted mortgage?

Mr. Wildman: You can't even give it away.

Hon. Mr. Grossman: I don't know about Mr. Wildman, but I think it's very important for northwestern Ontario.

Mr. J. A. Taylor: He's very supportive.

Mr. Wildman: If it were operating, it might be okay.

Hon. Mr. Grossman: It will be, it will be. Come see us Thursday in public accounts.

Mr. Wildman: Fred Boyer, the poor guy, has been trying to give it away for months.

Mr. Hall: The Germans are going to come in and spend a lot of money there.

Hon. Mr. Grossman: As for Minaki Lodge, much has been said and written about this facility; some of it true, some of it not.

Mr. di Santo: What's not?

Mr. Hall: Which is which?

Mr. di Santo: That's not true, that you don't know.

Hon. Mr. Grossman: No, some of it is not true. However, we have undertaken the challenge to solve the problem one way or the other by March 31, 1980.

Mr. Wildman: Last year you said it was only going to be a couple of months.

Hon. Mr. Grossman: No, read the following paragraph. By that date we will have found private sector partners, taken the decision to run it ourselves, or have scrapped the experiment altogether.

Mr. Wildman: It says "scraped" here.

Hon. Mr. Grossman: I know it does. Of all the words to have misspelled.

Mr. Wildman: It's scraping true all right.

Hon. Mr. Grossman: We recognize the single most important challenge facing Ontario's tourism industry is to upgrade our facilities. To assist in renovating, upgrading and constructing new facilities, we introduced the Tourism Redevelopment Incentive Program to help meet this challenge. We have undertaken to provide up to \$15 million in loan guarantees and \$3.5 million in direct funding to help pay for expansion and redevelopment in the tourism sector.

Assistance through TRIP will be available to Canadian residents or Canadian-controlled companies looking to purchase the assets of existing tourist operations, expand or renovate existing facilities, or develop new facilities.

The program is designed to support those proposals which meet the objectives of our tourism division. All applications will be carefully reviewed and assistance will be provided, on a selective basis, to those projects likely to make a substantial contribution to tourism development in Ontario. Full consideration will be given to management, market opportunities and the impact on the local economy.

Over the past year we have also made a point of keeping a watchful eye on external conditions, situations and policies that affect

Ontario's tourists. We expressed our views on the United States tax legislation that deters the holding of conventions outside of the USA. We liaised with our federal counterpart at the Canadian Government Office of Tourism to better co-ordinate our respective marketing efforts and, at times, participate in joint advertising programs with other provinces, and with carriers.

Last summer we prepared and distributed to US radio stations advertisements promoting the availability of gasoline in Ontario. In view of our dwindling supply of reserves of winter home heating oil, the federal government asked us to withdraw the program. We resisted, but finally agreed and replaced the campaign with the gasoline hotline. This enabled Americans to call us, toll free, and verify the availability of gasoline along with the local price converted into US funds and gallons.

Finally, we have expressed our views on the need to deregulate the airline industry and to introduce cheaper domestic air fares. On this latter point, we presented a paper outlining our government's concern about the widespread use of advance booking charters outside Canada, at the recent federal-provincial tourism ministers' conference in St. John's, Newfoundland.

We have recommended that the federal government move to make air travel in Canada more competitive and less expensive by encouraging tour operators to expand into the domestic advance booking charter market, especially to northern communities. We also recommended a substantial reduction in the advance booking period of 30 days, the elimination of minimum group sizes of 20 for a charter, provisions for one-way charters and a large increase in the number of permitted ABC seats.

My counterparts in Ottawa indicated that many of our proposals on airline deregulation are acceptable. I understand that by early December, a good number of our suggestions may be implemented. When this does occur it will have a significant impact on the tourism industry here in Ontario, since Canadian and foreign tourists will have a competitively priced travel package.

These are some of the activities in which our ministry is involved. I think all members will agree that we gave ourselves an ambitious mandate last year. However, I must say I have every confidence that my staff and senior officials of my ministry can and will achieve even more in the year ahead. As we enter this potentially difficult period, during the early 1980s, I think the Ministry of Industry and Tourism is well prepared to

make a positive and constructive contribution to the future well-being of the province and our citizens.

Before closing, I'd like to pay tribute to all the staff of my ministry—those who wrote the speech with split infinitives and those who misspelled “scraping” or “scrapping”. I would particularly like to express my gratitude to my deputy minister, Red Wilson, and my assistant deputy ministers, Dunc Allan and John Maxwell. They've done a terrific job in helping us reorganize the ministry, making difficult decisions, and have put us in a position where we are well placed to move forward with some of the initiatives we have planned for years to come.

I believe the people of Ontario are well served by public servants of the calibre of my deputy, my assistant deputies, and all of the staff in my ministry.

My staff and I have looked forward to the presentation of our estimates and we appreciate the opportunity to obtain the constructive—and I know they will be—comments, views and opinions of members of this committee. To this end, and in order to assist the members, we have not only submitted our material in advance together with the estimates as we always do—but have added, this year, the ministry's annual report, the development corporations' annual reports, and the Ontario Research Foundation's annual report.

Mr. J. A. Taylor: Approve them all right now. Let's get this done and get back to work.

Hon. Mr. Grossman: If additional copies of those items are required, please let us know. I thank you for listening to this summation for the past little while and I look forward to the next few days as we discuss some of these initiatives.

Mr. Chairman: We'll now hear from the critic of the official opposition.

Mr. Eakins: I'm going to lead off with some general comments in regard to tourism. In our party I am the critic for tourism and, my colleague, Ross Hall, the critic for industry.

The minister announced he has appointed Mr. Maxwell as the Assistant Deputy Minister of Tourism to give tourism a higher profile. We, in our party, also feel tourism should have a much higher profile and priority and that is why we have one critic for tourism and one for industry.

I have copies of some general remarks here which I would be glad to make available to the minister and the other party. I

apologize for not being able to compete with the minister at the printing press. These are some general remarks and I would like to deal with other areas when we get to the particular votes.

First of all, I want to express my appreciation to the people in your ministry for the co-operation I have received since the last time we met.

Hon. Mr. Grossman: You're going to have to speak to them about that, John.

Mr. Eakins: They haven't given out the research secrets but they have been very co-operative. Quite often our civil servants are criticized and are not allowed to speak back, but as far as we're concerned they have been very helpful in providing information for us and I wanted to express appreciation for that. Also, the field staff I have been in contact with have been most helpful and co-operative.

[9:15]

I would like to suggest to you that you had a major reorganization in your ministry. It would be helpful to myself, and I'm sure to the New Democratic Party, to receive a complete list of the new appointments. Even in the estimates book we have, some of them are already out of date. Certainly, the 1979 directory is out of date. I would appreciate receiving a complete update and, also in my own particular area, I would like to receive a list of the people who are now serving you out of a particular area such as the Victoria-Haliburton area, Peterborough and Orillia.

I appreciate some changes which have been made following the meeting with Mr. Maxwell—and I congratulate Mr. Maxwell on his appointment because I found him very helpful. He comes to the job with a very good reputation. Some changes have already been made in regard to making it much easier to serve on a constituency basis. I appreciate that, and I hope you might take a look at this throughout other areas in the province.

Hon. Mr. Grossman: We have looked after Victoria-Haliburton very well.

Mr. Eakins: You have three new representatives out of Peterborough. I think it's very difficult to have tourism in Victoria county handled out of Peterborough, and out of Huntsville serving Haliburton. I believe your industry representative out of Orillia will now also be out of Peterborough, so this is very helpful. Taking a look at this in other constituencies will be very helpful too.

I'm pleased to be able to address the estimates once again, Mr. Minister, on be-

half of the official opposition. As the member for Victoria-Haliburton I'm very much aware of the need to give tourism a much higher profile and priority in this province.

I feel the government has a pretty good idea by now of where we stand in regard to the tourism industry. In the fall of 1977, the Leader of the Opposition (Mr. S. Smith) set up a task force to look into the problems faced by the tourism sector in Ontario. I gained firsthand experience and knowledge of the industry by serving as chairman of that task force.

Since that time we have offered to the government what we feel are very constructive alternatives to the present policies with respect to tourism. That is an approach which I hope this government appreciates, because I intend to continue in that fashion. I feel the tourist industry in this province benefits from that kind of co-operation, to say nothing of the fact that we've made a lot of friends around the province in these various meetings.

Hon. Mr. Grossman: I'm sorry to hear that.

Mr. Eakins: I know you are, but we have many friends.

Mr. G. I. Miller: That's how come the deficit is down so far. We have to take some credit, you know.

Mr. Wildman: You mean because you travelled around, you have to spend some money, is that it?

Mr. G. I. Miller: That's one aspect of it, yes.

Mr. Eakins: We're all very much aware, Mr. Minister, of what tourism as an industry contributes to our economy. On a nationwide basis it represents an \$11 billion a year industry. It makes up almost one-fifth of this country's gross national product and employs, directly or indirectly, over a million people or nearly nine per cent of Canada's work force. In Ontario, it is our second largest industry, bringing in \$5.5 billion annually and employing—I update this—14.1 per cent of our work force.

According to a presentation at the Tourism Industry Association of Canada conference early this year, tourism in 1978 was also the world's second largest industry next to the oil industry. Worldwide expenditures for international travel were between \$45 billion and \$50 billion. The number of international tourists amounts to about one-quarter billion. By the year 2000, tourism is expected to be the world's largest industry, generating expenditures of some \$200 billion for interna-

tional travel alone. It is, therefore, a field in which Canada and Ontario do not want to be left at the starting gate and find ourselves outdone by the jungles of South America or other interesting areas of the world.

Travellers go visiting in search of a new experience. For most people, especially in Europe and Asia, Canada is teeming with new experiences, but somehow the word has not got out. We have not got the message across. Consider the fact that in 1967, 260,000 Japanese travelled abroad and in only eight years, by 1975, this number had increased tenfold to 2.5 million.

How do these trends affect Canada? In 1971, 9,000 Japanese passed through customs in Vancouver. By 1978, the number was 60,000. Total entries in Canada by Japanese in 1978 were 130,000 or a 27 per cent increase over 1977. In fact, offshore visitors are the fastest-growing segment of the tourist market in Canada.

In 1976, there were approximately 1.6 million offshore visits to Canada. By the year 2000, this number will be 11 million. In terms of expenditures, the offshore market should be Canada's largest market by the year 2000.

Our country can benefit in ways even beyond dollars and cents, in job statistics. You will recall the post-war emigration transformed Canada, enriching its English, French and native cultures. Also, visitors from varied nations of the world will bring change. Travellers from countries in Europe and the Far East, for example, are used to standards of service not always available in some parts of Canada. Catering to their demands will upgrade facilities and give Canadians more to enjoy in their own country. It is, therefore, important that we work together towards a uniform set of industry standards and a master plan, not only in Ontario but across Canada. As I've said on many occasions, I think it's inexcusable that Canada or Ontario should have a deficit in our travel account of any amount, much less one of \$604 million, as it has been in the past for Ontario.

You are aware that Canada is readily accessible to more than 100 million Japanese, 220 million Americans and 370 million western Europeans, who have the affluence and urge to travel that should create a flourishing Canadian tourist industry. I find it rather absurd that 24 million Canadians should be spending more as tourists in other nations than the possibility of 700 million people in Japan, United States and western Europe spending in Canada. I agree with the estimates that Canada should be running

a surplus on our tourism account of at least \$1 billion a year. This would mean a surplus in Ontario's account of around \$400 million.

That, incidentally, is not a proven fact but an estimate, and it's certainly the view of many tourism officials who have an optimistic approach. Various consultants have estimated that to bring a travel account into balance across Canada would require four million new visitors per year, each staying five days and spending \$100 per day. Given the existing condition of our travel industry I would have to say that achieving this balance seems pretty unlikely at this time.

I would like to turn to a couple of quotes that the minister made this past year. First, in a speech to the Chemical Institute of Canada this month the minister said governments in Canada have come to realize that "if our taxation or regulatory policies are seriously out of line with other jurisdictions then our industries will find it increasingly difficult to compete."

If the minister were able to apply that discovery to the tourist industry, we would begin to address some of the property taxation, minimum wage and interest rate problems that beset our tourist operators.

Second, the minister stated in July, while announcing a grant to the Elk Lake planing mill, "We have to start to work to identify the kind of development which reflects the geographic, financial and social realities of the north."

What better industry than tourism to fill that bill? However, both of those statements were made with respect to the particular industries, one of them the chemical industry and another the lumbering industry. My suggestion is simply that that is exactly the kind of thinking the minister should be applying to the Ontario tourist industry.

I'd like to mention at this point that there have been a number of polls conducted in the past few years on behalf of the tourism section of this ministry. I would like to ask the minister if he has any intention of making these polls public. If he has, would he be prepared to do so during these estimates so that all parties might have the benefit of seeing the results of those polls?

Mr. Riddell: That's a reasonable request.

Mr. Eakins: I think it's reasonable.

Turning to the problems of this sector, I think the problems have been clearly identified both at the national level, with the task force reporting to the Department of Industry, Trade and Commerce, and at the provincial level, I believe, with the task force under my chairmanship.

After a few of our task force meetings, the problems became obvious: taxation, over-regulation, and attitude towards the industry. Development funding is all but impossible or, at best, difficult to obtain. The industry is too fragmented, with its parts pursuing different interests and goals. Most important, there is no master plan for dealing with tourism and its many components as an industry, save for two exceptions: British Columbia and Quebec.

British Columbia has accepted and zeroed in on tourism as one of its vital industries. A couple of years ago they introduced some of the most innovative ideas on tourism that this country has seen.

To give you one example, they researched the place of origin of most of their visitors and chose three major cities in which to advertise. The provincial government purchased advertising space in the newspapers and the private sector placed coupons for discounts such as one night's free accommodation if the visitor stayed for three nights or more. The campaign turned out to be so successful that in many ways it was too successful, because the following year it was repeated but with different participants from the private sector, since the original participants had built up their trade sufficiently.

The cost to the provincial government in this case was minimal. The real cost was borne by the private sector, which also reaped the benefits. We suggested to you, as the minister in this province, that you take a good look at some of those programs and implement some of the measures. But you chose not to, at that time. The end result: In 1978, British Columbia actually reduced its deficit; Ontario's deficit deteriorated to more than \$600 million. I'm sure you have seen, as I have, the various media reports on the success that British Columbia is having with reducing its deficit position even further.

Quebec, in recognition of the need to improve the tourism industry, recently passed legislation making available \$250 million in loans to that industry. Incidentally, in a telephone conversation that my researcher had with the director of tourism for Quebec, the director expressed great interest in sitting down with Ontario's tourism director to have joint discussions on approaches to tourism by both provinces. We informed them we would be happy to pass that on to you.

I agree with the kind of co-ordinated approach that results in such ventures as the Ontario-Quebec advertising agreement announced by Premiers Davis and Levesque. It is an excellent way to pool resources to the mutual benefit of each province, and on a

larger scale it's the kind of common bond that helps to keep our nation functioning together. Incidentally, it's a proven fact that foreign visitors like to see more than one province.

The basic problem, with our problems in the tourist industry, is that they are unlikely to go away. The cost of land, the cost of labour, construction equipment, operating material, wages and supplies—these items probably cannot be reduced.

If tourism is to be taken seriously by our government as an industry, and as a source of export dollars, then there are a couple of things that governments can do: (1) decrease the amount of regulation over the tourist sector, and (2) manipulate the cost and availability of funding.

To address the first point, our task force found that tourist operators in this province could be answerable to as many as 14 different ministries, each of which didn't know what the other was requesting of you. I would just like to mention that I was hoping that, perhaps in your opening remarks, Mr. Minister, you may have touched somewhat more on interministerial co-operation.

Our task force recommended that a minister be responsible for co-ordinating all the various government activities that affect the tourist sector so that the best interests of the tourist sector might be properly served, and we continue to stress that. I believe these best interests would be reflected in a realigned Ministry of Tourism.

[9:30]

Second, the unfortunate reaction of most people to obtaining loans from the development corporations was that it was simply not worth the trouble. One approach to reorganizing this might be to create one large agency similar to the federal Export Development Corporation which would specialize in lending to the tourist sector. Such an agency would be able to employ the experts in our tourist industry who would have the know-how to evaluate the potential of any given tourism proposal and decide whether a loan is feasible. If the government is really serious about helping our tourist industry, it could consider a tax credit of something like 30 per cent for investment in this agency that would, in turn, invest in tourism projects, just as it now gives a 30 per cent tax break to any one investing in the new small business development corporations.

As I mentioned, our problems—which I will call the problems of the 1970s—are likely to stay with us. To complicate the picture will be the problems of the 1980s. I think I can point to two problems right now:

the energy situation will be one, and acid rain will be the other.

Nobody knows the extent to which we will be affected by the energy crunch. But what we do know is that we will be affected. According to a study done by a Ryerson professor, an increase in the price of a gallon of gasoline to \$1.50 would decrease Ontario travel trade by 44 per cent. Also, the automobile as a mode of transportation would be abandoned for trips greater than 500 miles.

Hon. Mr. Grossman: Maybe we should cut that funding to Ryerson.

Mr. Eakins: The second problem I can see is a subject that I don't believe has been discussed before at the estimates and certainly the minister didn't refer to it tonight; that is, the increasing and alarming importance of acid rain as it relates to tourism.

At a recent conference in Toronto, a seminar was held on the effects of acid rain on tourism and the local economy. At that seminar, we were shocked to hear that a total of 170 lakes in the Adirondack region of the northeastern United States have become totally barren. In 1930, four per cent of high-level lakes—over 2,000 feet—in that region were found to be barren. By 1979, that figure had grown to 52 per cent.

We also heard from Jerry Liddle, who has done a study for the Ministry of Natural Resources entitled, *Potential Socio-Economic Impact of Acid Rain on Northern Ontario Tourism*. He reported that problems resulting from acid rain have already started to jeopardize the fishing lodge industry.

According to his survey, about 10 lodges in the Sudbury area suffered from dramatic declines in fish population in the late 1960s because of Inco operations. After the closing of some of those lodges, corrective action on the part of Inco—the construction of its stack—has allowed for restoration of the fish supply in those lakes, and some lodges have reopened.

Mr. Liddle's study indicated that 38 per cent of lodge owners thought the current restocking programs of the Ministry of Natural Resources were inadequate. My fear is that the restocking programs might be a futile gesture if acid rain is prohibiting the propagation of certain species.

Mr. Wildman: The Ministry of Natural Resources already thinks they are futile.

Mr. Eakins: Right. I would like to know, during these estimates, whether the minister has initiated any studies regarding the current and potential effects of acid rain on tourism in Ontario. I remind this committee

of the appearance before us on the resources development committee last February of Dr. Shindler, who came up with a tentative figure for the value of sport fishing in the pre-Cambrian shield area of Ontario that could be lost if acid rain is not checked. Including direct and indirect expenditures, that figure is around \$620 million. I would be interested in the minister's own views on the subject and to hear whether there is any information on studies his ministry might be conducting on the effects of acid rain on our provincial tourism industry.

It rather bothers me, when my leader questions the Premier (Mr. Davis) in the House on the effects of acid rain, that the Premier simply refers to the possible loss of jobs at Inco. I've yet to hear the Premier refer to the possible loss of jobs in the tourism industry.

All of this cries out for a need to have a master plan for tourism if we are going to be able to cope with our problems as we move into the 1980s.

On that note, I would like to conclude with a comment on investment in the tourism sector. Obviously, we need to maintain a certain standard of accommodation and service if we are to increase or even maintain our share of the tourist market. Investment, therefore, is just as much a part of the service end, as it is in building and equipment. In that vein, the Ontario Hostelry Institute and all the hospitality courses at various community colleges play an important role. Jobs performed by waiters and waitresses should be built up so that they are not looked upon as temporary or bottom-of-the-barrel positions. Any sector that generates 5,000 new jobs each year is worthy of wise investment. I would like to suggest too that we look into the feasibility of using our community colleges across the province to further expand upon this. I would like to discuss this further during the various votes.

Many of our facilities are in need of upgrading. Many of our areas throughout the province could use the shot in the arm of some new facilities. How do they capture the investment dollar? How do we attract the money that is available to the tourism sector? The answer to that question is that we probably won't until we as a province develop a tourism strategy, or a master plan. Investors simply won't put their dollars into a project without knowing what the end product will be. It couldn't have been summed up better than by the chairman of Tourism Ontario, who said in his opening remarks to their conference yesterday—I quote from memory: "By accident rather than de-

sign, tourism has achieved certain goals in Ontario."

Hon. Mr. Grossman: Why don't you quote today's quote? I liked what he said today better than yesterday's.

Mr. Eakins: He was speaking the truth yesterday.

Hon. Mr. Grossman: And today.

Mr. Eakins: As we get into the votes, we'll find that out.

Mr. Riddell: What did he say today?

Hon. Mr. Grossman: Ask your colleague. He presented the minister with an award for the excellent contribution the minister made to tourism over the past year. It's the first award presented by Tourism Ontario.

Mr. Eakins: I call upon the government and this minister to give definition to a plan for tourism in Ontario. I guarantee that will draw all the investors we need and ultimately, of course, the tourist to our great province. I am convinced that we have the talent and we have the resources. The minister knows he has my support in his efforts to make the wisest use of those attributes. There are a number of other areas I would like to discuss, Mr. Chairman, but I would like to deal with them specifically during the various votes.

Mr. Chairman: Mr. Hall?

Mr. Hall: Thank you, Mr. Chairman. I'll make a few brief comments as the industry critic, although I do not have a prepared statement. I feel at a disadvantage when I see the great amount of work that the minister obviously has put into his statement. I heard the other day that it was 71 pages. I'm a little disappointed that it ended at 63.

Hon. Mr. Grossman: We cut it down for you.

Mr. Hall: I can understand the minister's desire to try to put his best foot forward in his statement. At times he seems to be saying that our weaknesses are our assets in many different areas. If that were so, if we were any weaker, we'd be in really great shape. Frankly, we don't feel Ontario's economy is in satisfactory condition for the future.

While you may try to kid us, I sincerely hope you don't kid yourselves. We think energy is going to have a very major effect not only on the role of the industry itself and its competitiveness, but also on the lives of the workers. We feel that interest rates are again a very big factor and, based on the experiences I've had, I find it hard to believe that talking to bankers is strong enough action by your government or by you as minister.

The worst part about high interest rates is that the effect on small business is greater than it is on big business, both in the ability to borrow and the rate of interest on borrowing. Small businesses, of course, don't have the assets to back them up. Many times in the startup years they don't have the profits to lay that interest cost off against taxes as corporations do.

I'd be remiss if I didn't also say that, while I know you don't recognize it as part of your ministry, the agricultural field certainly is a business; those people feel they are businessmen, and this interest rate is killing them. There is not a heck of a lot that seems to be done in Ontario for that segment. The thing is, there have been programs in other provinces of Canada. Some of the maritime provinces are a case in point. However, we will get into some of these things further in the estimates.

The matter of imports into Canada is important, and we will quote some of the earlier statistics here. You talked about good numbers for exports as well; but when you take away the raw material exports, this country is not as well off as it should be. The auto pact, which is a very loose arrangement at any rate, is mainly centred in Ontario; it's certainly not a strong part of our hopes and growth cycles for the future. Later on, I expect you'd like to talk a little bit about Chrysler in this respect, what challenges you might be facing in that regard and how you are going to cope with them.

Ontario's industry shows a lot of obsolescence in its endeavours to compete. We recognize this in your concerns about the pulp and paper industry; I suggest to you it is true elsewhere as well. The minister expressed concern about the low level of R and D compared to that of a lot of other countries. While the Ontario Research Foundation is encouraging in terms of what it does, it's rather difficult for it that you only match its profits. If there is one place the government could go overboard a little and put in more money, it seems to me that the place is the Ontario Research Foundation.

It's interesting that in your statement you mentioned you were disappointed with the results of the federal GATT negotiations; yet you have engaged Rodney Grey, who was one of the chief negotiators. I'd like to have, later on, a little precise information on Mr. Grey's role and his views as they affect Ontario on what seems to be a very important subject.

Hon. Mr. Grossman: You agree that it was an important appointment?

Mr. Hall: Yes. I don't disagree with the appointment, provided I understand the role fully; how closely he is plugged in to you, and whether it's just a name you've taken on. I want to find out, for example, where he functions and how close he is to you. I want to see everybody that clings as close to you as possible.

Mr. Eakins: You were disappointed with the performance, but you hired the performer.

Hon. Mr. Grossman: He'd been doing the best he could under the administration for which he'd been working.

Mr. Eakins: You were disappointed.

Mr. Hall: Obviously you have made some good appointments in the ministry. I have heard very good comments on Mr. Allan before. I had some discussions with Mr. Maxwell in public accounts. I think he played an important part in cracking down on some of the mishandling of contracts that had gone on there before. I feel a little sorry for Mr. Boyer in his present capacity as president and chief executive officer of the Minaki company.

Mr. Wildman: He's always liked the north.

Mr. Hall: As you've said, we'll talk a little bit about Minaki again. It was two or three years ago that we last talked about this. I think you were on the public accounts committee at the time, Mr. Minister.

Hon. Mr. Grossman: I was afraid you might remember that.

Mr. Hall: It all started over a \$400,000 defaulted mortgage.

Mr. Wildman: Whose was that?

Mr. Hall: From a lot of the comments you have made, it sounds as if you have read the industrial strategy and the small business paper we put forward.

Hon. Mr. Grossman: Can you send those over, Ross? I'd like to have a look at them.
9:45]

Mr. Hall: I'm not saying you stole those ideas from us; it's possible we're both trying to go in the same direction.

I'd like to find out more about the Employment Development Fund. I understand that so far there have been eight grants plus the Ford grant, or something in that order. In that regard, it is worthwhile to understand exactly what commitments are made by these firms in research and development, export potential, the number of high-technology jobs created, the procurement policy of firms and components in Canada, the maintenance of profits in Canada and Canadian

participation in management and on the boards of directors.

A matter that sort of relates to Treasury but also concerns this ministry is the small business development corporations. I'd like to have you flesh that out as it relates to your ministry, because it's supposedly a major thrust in giving financial assistance to small business and in particular, I would have thought, encouraging startup business.

I was a little disappointed to see an article in the Financial Times last August where Wayne Beach, the president of Aurelian Small Business Developments Limited, was quoted as saying, "Although the company has been deluged with requests from people wanting us to invest in their pet projects, we're not interested in investments or start-ups." When it was announced, I believe it was the Treasurer's intent that this was to be a stream of equity capital towards new enterprises.

It would be unfortunate for your goals, and for the money that you're giving by way of grants or corporate tax credits, if it's not going into risk situations but just in the safe bets.

With regard to free trade, Mr. Grey has made some interesting comments which we may have a chance to discuss further. I believe one comment he has made is, "To the extent that some countries are clinging to non-tariff barriers, we shouldn't go to war with an arsenal that is just half full."

I'd like to read, for the record, his comments in a speech at the Conference Board in Canada conference in September. He said: "It is important to understand that, oratory aside, the United States has not, as a result of the MTN, lowered its barriers to imports. What has happened is that, in parallel with agreeing to reduce certain tariff rates in the future, the US has refined and articulated its various legal mechanisms for dealing with import competition. We are faced in the USA with a highly legalistic system, a system in which the effective barrier to Canadian exports will be the threats of American producers to make use of their access to the many remedies now available in US law.

"Even if, in a given case, the revenue is denied, the cost to an exporter in defending himself is a cost of exporting, just like a tariff, except for the element of uncertainty, which is added, of course given that to an extent the Tokyo Round agreements and the GATT system as a whole are a sanction of this system, the European Economic Community and the Japanese may also make use of the same set of weapons. Not surpris-

ingly, the ministers in Ottawa, and at least one province, have emphasized that Canadian producers must have the protection of all the arrangements that US producers have under the new GATT.

"Canadian businessmen may well conclude that they can have more protection; that is, more when they need it, than they had, before the Tokyo Round. This doesn't sound like trade liberalization, because it isn't."

That is the end of the quotation by Mr. Grey. With the concerns and comments that this special adviser that you have taken on board has expressed, we would like to get into a little more depth and find out whether you still feel free or freer trade with our trading partners, particularly United States, where something like 70 per cent of our exports go, is to Ontario's advantage. What direction do you want to pursue with regard to supporting lower tariff barriers? What protective devices do you have in mind or do you feel that Ontario manufacturers themselves should have? And what steps could we take to put them in place?

You mentioned briefly your procurement policy relative to a 10 per cent preference that the government gives. Our party has made it clear we feel that is not sufficient. Numbers could be produced to indicate that, substantially higher costs could be justified in terms of the permanent long-term benefits to Ontarians and to the work force.

I notice you are working up a thrust relative to the electronic and electrical industries, something that's been needed for some time in an industry that has had trouble. I encourage you in all that, and I hope things will be better. Both have an interest in research and development. I hope that further in your discussion of the estimates you will be able to be more specific as to the concrete measures, tax credits or rebates you might be prepared to implement.

Your forecast of between two and a half and three per cent growth, as opposed to the forecast of three per cent earlier, is probably sound enough for 1979; but I suggest to you that there are certainly a lot of problem forecasters who are very much concerned about 1980, and you won't see anything of that nature there.

The Conference Board in Canada indicates a lesser number. It indicates Ontario's economy might be growing by only 1.8 per cent, below the national growth rate of 2.6 per cent and, next year, by something less than one per cent, which equates to something less than half of the national rate. Ontario's real growth rate, I am informed, will rank ninth in Canada this year, even behind

the traditional poor maritime provinces, and we very well might be last next year.

Employment growth is not as hopeful next year in Ontario, according to these forecasters; they expect it to grow by 0.8 per cent, as opposed to 1.4 per cent nationally. Unfortunately, some manufacturing industries are going to bear the brunt of this economic reversal; so we're not too certain of the real prospects for economic growth.

You also talked, I believe, about strengthening the apprentice system. I certainly hope you can. It has been a problem for young people, of course, and for that melding together of education on the one hand and industry on the other. Finding a formula that will perform better than it has in the past, I think is very important to us.

At the same time, I would have to be concerned about the people who are leaving Ontario. I know they are coming in from the Maritimes and from Quebec, but it's not those people who are going west; I suspect that it's Ontarians who have been with us for some time, and I have to feel that some of them are skilled tradesmen. You and I know about shortages of trades that manufacturers try to fill overseas; as a province that has historically been the manufacturing centre, and supposedly the educational leader, we could do a great deal more than we're doing.

I hope the Ministry of Industry and Tourism is concerned about the investment dollars that are going out of Ontario. A lot of Ontario-based money seems to be shifting its centre westwardly, and I think this is happening because a lot of investors see opportunities out there, but they don't see here a clearly articulated, comprehensive industrial strategy, with specific proposals regarding procurement, manpower, research and development and investment. Maybe they haven't heard enough about what you're trying to do and the measures you're trying to take. I'm not trying to put you down, when I say that the message has got to better spread; we just can't afford to have these losses take place.

Exports and imports: For the first time, I'm given to understand, Japan last year sold more manufactured goods than did the United States and Canada. The European Economic Community increased its imports of capital goods 20 per cent in total, but Canadian capital goods exports to that region didn't increase at all; they dropped by two per cent.

Mr. J. A. Taylor: In dollar terms or real terms?

Mr. Hall: Per cent is the only figure I have, Jim.

Our home market in Canada suffered as well, because all imports accounted for 24 per cent of total sales in 1967, while last year they accounted for 34 per cent of total sales. It seems clear that our manufacturing sector is not even holding its present position but is deteriorating; we're frightened that this might deteriorate even more dramatically as the tariff barriers drop.

I would just like to inquire briefly about the grant that was made to Ford, because we have some information that suggests we offered possibly a great deal more than we had to offer. We're not trying to back off from the situation. Under those circumstances, we felt the grant was merited.

Hon. Mr. Grossman: Your leader said we should offer twice as much.

Mr. J. A. Taylor: But he's wrong sometimes—and he'd be the first to admit it.

Mr. Hall: You don't often share information with the opposition, and I guess I can't expect you to, but it's hard to know just how you arrived at the numbers you needed.

Hon. Mr. Grossman: We'd be happy to tell you.

Mr. Hall: This is after the fact. We really have to wonder how much groundwork you did with the northern US states that were in competition with you. I think it's fair to ask you at this time whether you did have to bid that high. We don't know.

Hon. Mr. Grossman: My deputy did the deal; he will be happy to tell you.

Mr. Hall: I did touch on the subject of exports to the United States before, and I have a little note here stating that Peter Towe, the Canadian Ambassador to the United States, said last January that a US report suggested that as a result of legislation and practical constraints—along much the same line that Rodney Grey was saying—roughly 90 per cent of US government procurement is not open to sound competition.

[10:00]

Mr. J. A. Taylor: Is not or is?

Mr. Hall: It is not, either because of legislation or practical constraints such as were referred to in Grey's statement earlier. Also, legal charges tie you up in the courts and have the same cost effect—and there's the uncertainty of not knowing whether you are going to win the case.

Mr. J. A. Taylor: Nontariff barriers.

Mr. Hall: Well, they are nontariff barriers. And by Towe's estimate it leaves a maximum

of 10 per cent under which foreign suppliers can compete with American companies.

Mr. J. A. Taylor: Are you suggesting we should reciprocate in some way?

Mr. Hall: A lot of people would argue that we have been boy scouts in this matter of nontariff barriers. We have not set those up on the scale that other countries have. You could probably correct me on this, Mr. Minister, but isn't the figure, for manufactured goods that enter Japan duty-free, something like four per cent? It's very low.

We thought the tariff barrier itself was the tool, but all along other games have been played by others.

Mr. J. A. Taylor: No doubt about it.

Mr. Hall: Another recent case has come to point. There has been talk in the House before about the opportunities for sales of mass transit systems in the United States and how Canadian companies have been trying to seek opportunities there. But I am given to understand that the Surface Transportation Act, recently passed by Congress, for the first time seems to require the application of a buy-American preference to grants made by the federal government to state and local governments.

The Financial Times reported in October the draft provisions of the buy-American rules, which effectively cover most urban transit purchases. They give preference to US firms unless foreign companies provide 51 per cent US content in components and final assembly in the United States. A foreign firm could win contracts without performing the above conditions but only if it could underbid the US competitor by 10 per cent. If a solution isn't found, at least two Canadian firms say they may initiate manufacturing efforts in the United States rather than Canada, which of course would deprive us of jobs and export sales.

There is a lot of evidence of discrimination against Canadian goods imported into the United States and other countries because of the many nontariff barriers they have. To the extent that Mr. Rodney Grey can bring our understanding of this to a higher level, and particularly as it pertains to Ontario, it's all to the good for us.

The auto pact is continuing to struggle. The earlier promise of the first years has resulted in deficits increasing yearly, and we have no real ability to influence that too much. I would love to find out later what Red Wilson meant when he said his officials are concerned that the auto trade balance could be tipped permanently in favour of the United States by the current restructuring of

the industry to build small cars. I can understand that we would like to be building the cars of the future here, because that's where the potential is and not the cars of the past. But what we can do about that remains to be seen. I don't know whether we're closely involved with Chrysler, but I would hope any deals with Chrysler would include a lot of components that would strengthen the future situation.

For the moment, Mr. Minister, I've covered the main concerns that I have right now. At some time I hope I'll find out where Marvin Shore is and what he is up to.

Hon. Mr. Grossman: London, Ontario.

Mr. Hall: Is he in London, Ontario, right now? Since I saw the picture of both of you talking to the Prime Minister in August, the Prime Minister seems to have had a lot of trouble at home, and that would concern me. I hope you are selective as to where you visit.

Hon. Mr. Grossman: I told the Prime Minister that Mr. Shore was the former Treasury critic for your party, and he was very impressed.

Mr. Hall: That concludes my comment for now Mr. Chairman.

Mr. Chairman: The critic from the third party.

Mr. di Santo: Thank you, Mr. Chairman. I was impressed by the minister's presentation above all because of his affirmation. In fact, he talked about problems that have been discussed quite widely in the last year—the branch-plant economy, the role of the multinationals, research and development, the huge trade deficit and the current account deficits. The picture he gave us was a picture of relative optimism, while we know the situation in Ontario and Canada is not that brilliant and is going to be worse in the future.

We have 300,000 unemployed people in Ontario and a huge ongoing trade deficit in our key manufacturing industries. Last year, we exported \$19 billion in manufactured goods and imported \$31 billion worth, for a huge deficit of \$12 billion. We have an annual outflow of \$2 billion for royalties and management fees, and we had a \$5.4 billion outflow in interest and dividends in 1978. These are a few of the signs pointing to the fact that Canada is quickly coming into an industrial cul-de-sac.

These are also the warnings that perhaps prompted the Minister of Industry to mouth the superficial concerns and strategies for industrial development he has mentioned to-

night. I would like to remind him that our party, some 10 years ago, opened a debate on the role of the multinationals, the auto pact, the lack of research and development and, above all, the branch plant economy and the negative consequences for the economy of Ontario.

The most important elements of the debate about industrial manufacturing, if they have to be taken seriously, are: (1) trade policy, specifically vis-à-vis export-led growth or any part replacement strategy; (2) foreign ownership and all its attendant issues, like research and development and truncated, inefficient firms; (3) tariff policies, specifically after the GATT negotiations, and the probable movement towards free trade with the United States; and (4) a sectoral strategy where key industries are isolated and built upon.

We have already been asking questions in the House and during the estimates about these issues, and particularly the sectoral approach. On the other hand, the minister seems to have listened to our criticism and has hurried to adopt some of our concerns in his speeches before they become politically contentious.

Hon. Mr. Grossman: I'd better check into that. You'd better let me know.

Mr. di Santo: Yes. I can also mention all your speeches if you want.

Hon. Mr. Grossman: I just want to be careful about implementing any of your policies.

Mr. di Santo: To give just one example, let us look at Ontario's trade performance. In 1977, Ontario accounted for 43 per cent of Canada's exports, including 81.6 per cent of the exports of manufactured goods. This last sector alone accounts for 67 per cent of the province's exports. While this may seem to prove that we are an industrialized province, the figures are considerably distorted by Ontario's share of autos and auto parts which when combined make up 50 per cent of our provincial exports. The American market remains the destination of 81.3 per cent of Ontario's exports, notwithstanding globetrotting trade missions of federal and provincial governments and the new ones announced by the minister tonight.

The recent favourable exchange rate—and this is a government euphemism for the battered Canadian dollar—helps to explain the modestly resurgence of exports to the United States, especially in the first semester of this year, but it has done little to help domestic products to break into European and Japanese markets. Nor can our shrunken dollar be the platform on which long-term economic policy will be built. In the meantime, our

trade deficit in key manufacturing industries actually increased in 1978. The total end-products deficit, as the minister said, stood at \$12 billion last year. Fully 70 per cent of those end products originated in the United States.

The point of stating all of this gloom is to underline the inappropriateness of the Tory government's economic strategy. That strategy boils down to a preoccupation with export-led recovery, with emphasis on exports to the United States. The minister repeated that time and again tonight and on March 6, 1979, the minister said: "We can still—in most product categories, in most industries—compete relatively freely in the American market, and in that free competition I believe our gains from a lower dollar will provide us with a great deal of success."

The inappropriateness of such a plan amounts to gross deception and economic irresponsibility. Worse still, it represents a continuation of the policy of hewers of wood and drawers of water, as well as the continuing slide down the slippery slope to Canadian-US free trade.

Briefly, I can point to the following pitfalls in a plan to concentrate on exports and increase our ties with the United States. These pitfalls will show how the four elements mentioned above are inter-related.

First, of the \$8-billion deterioration in end products traded between 1971 and 1977, \$6 billion is a reflection of the market deterioration in our bilateral trade with the United States.

Second, it is no coincidence that Canada's trade deterioration accelerated when the United States began to have its own domestic trade problems. Canada is the single most important recipient of US exports of manufactured goods. In order to increase exports to us, more and more production has been moved back to the United States from Canadian plants in this decade, most noticeably in the auto parts industry and especially in 1975 and this year, which are the two years of major recession in the automobile industry.

[10:15]

Third, import penetration is increasing in many key industries. A few increased exports will not negate the fact that last year 91 per cent of our mining machinery was imported—and that is despite the optimism shown by the minister because of the show in Sudbury. That will not negate the fact that we are a net importer of mining machinery.

Fourth, the decline in the dollar gives us only temporary relief. Because Canada imports so many component parts, the high cost

of such imports will soon work its way through our industrial costs. Later on, I will be asking the minister whether the importing of parts had any role at all in the bankruptcy of the Carrier shoe company.

Fifth, Canada already imports 63 per cent of its end products duty-free. We already have substantial free trade with the United States, with whom we conduct three quarters of our trade. After GATT, close to 80 per cent of US-Canadian trade will be duty-free. It is well known that free trade in end products results in assembly industries in Canada, where Canada gets the short end of the stick in skilled jobs, research and development, and export capability. I think that answers the argument of the minister that free trade will improve our possibilities for exports to the US market.

Mr. J. A. Taylor: Are you making an argument for protectionism, Odoardo? I understand you want Ontario to secede from the United States.

Mr. di Santo: Which riding do you represent?

Mr. J. A. Taylor: You know that.

Mr. di Santo: You should talk about electrical rates for rural areas.

Sixth, at least 40 per cent of Canadian trade consists of transfers between branches of multinationals. A recent Ontario Economic Council study says multinationals are prone to inflating the price of those transfers to our detriment. The OEC warns that price-fixing is more common with free trade.

Seventh, global product mandating has become a plank in the ministry's strategy. This means specialization into one or two product lines where production is aimed at the continental market. The outcome of this trend towards specialization of this type will be production-sharing arrangements for the continental market, whether officially sanctioned with pacts or not. Such arrangements will result in the progressive undermining of our ability to achieve a healthy level of economic self-sufficiency as has occurred already in the television industry.

Hon. Mr. Grossman: Are you against global product mandating?

Mr. di Santo: We will talk about that later—

Mr. J. A. Taylor: Mr. Chairman, maybe you can clarify this. I'm just trying to get the thrust of this, and I've been listening very attentively. I was trying to determine whether the thrust of his remarks was that Canada, and certainly Ontario, should become isolationist.

Mr. Chairman: I think Mr. di Santo had better carry on.

Mr. di Santo: Now I understand why the member was in trouble when he was Minister of Energy.

Mr. J. A. Taylor: You're getting crusty in your old age, Mr. Chairman. You're getting to be a mean, mean man.

Mr. Samis: You're getting obnoxious, James.

Mr. J. A. Taylor: Just because you've become an expert in Libyan affairs—

Mr. Samis: Cheap, cheap!

Mr. di Santo: What's the next one? Mussolini?

Mr. Chairman: Mr. di Santo, please continue.

Mr. di Santo: The government's program is that it won't take on the multinationals to sign planning agreements for research and development, to enter into public ownership where necessary, or to seriously pursue a strategy of import replacement. The result is that the Ontario government is backing us into a position of free trade with the United States, with our eyes closed. The speech by the Premier in Chicago the other day perhaps is another symptom of that tendency.

In other words, because of lack of courage, our government is perhaps unconsciously steering us towards continental integration. Let us remember that the Liberal Party, not the Conservative Party, has historically been the party of free trade.

There is no more important issue than Canada-US free trade, historically or today. Our pattern of development for the future depends on its resolution. The issues do not stem from some ill-defined and emotional, nationalistic sentiments. Rather, they stem from the reality of our whole history of dependent economic development.

In Ontario today the Conservatives are carrying on the tradition in thinly disguised rhetoric about trade strategy, multinationals and global product mandating. There is no task more urgent than to step into the deafening silence of the Canada-US free trade debate.

Despite the boisterous support for free trade by establishment economists and businessmen, including the Economic Council of Canada, the Ontario Economic Council, the C. D. Howe Research Institute and the Canadian Senate, commentators have correctly pointed to the fact that politicians aren't touching this issue with a 10-foot pole.

According to well-placed Liberals in Ottawa, and I quote, "Free trade is anathema

in Toronto. You don't raise it, because it generates so much opposition in that part of the country. As a consequence, Canada is moving towards free trade with the US, with its eyes virtually shut." That is from the Financial Post, March 17, 1979.

In Ontario politics, we haven't heard anything on the subject since Darcy McKeough's frequent pronouncements on the desirability of establishing several other pacts smaller than the auto pact. But we have at least two indications that this is and will always be a contentious issue, on which most of us have a strongly held opinion, one way or another.

One indication came in the Ontario government's submission to the federal government on GATT, where the dangers of freer trade were stated rather strongly. While the brief didn't mention Canada-US free trade specifically, when three quarters of our trade is with the US, free trade in general is really free trade with the US, for all practical purposes. We should not be unaware of this.

Secondly, in February 1978, OECA did a poll of Ontarians on economic issues. In response to a question on whether they favoured independent development or joint industrial development with the United States, 77.4 per cent of females and 65.9 per cent of males favoured independent industries, for an average of 71.8 per cent.

If we want to face the economic problems that are in front of us, we should not be unaware that most of the problems are in the manufacturing sector. The minister gave us tonight a revised outlook for next year, from the three per cent that he had announced previously in the booklet Ministry of Industry and Tourism Review. Now he tells us that perhaps the growth will be in the range of 2.5 per cent to three per cent.

Hon. Mr. Grossman: This year.

Mr. di Santo: This year. The Conference Board in Canada predicted that Ontario will be in trouble mainly because of the manufacturing slump.

Hon. Mr. Grossman: What's your prediction?

Mr. di Santo: I don't make forecasts. I'll tell you later how wrong you were in other areas.

Hon. Mr. Grossman: No predictions, eh, Odoardo?

Mr. di Santo: The manufacturing sector in Ontario, according to the Conference Board in Canada, will actually decline by two per cent in 1980, after a growth of four per cent this year and 7.8 per cent in 1978. I think this is a pretty grim forecast.

Hon. Mr. Grossman: Do you agree with it?

Mr. di Santo: I'm not a forecaster.

Hon. Mr. Grossman: I'm just asking if you agree with it. You've read it, I presume.

Mr. di Santo: What I can tell you is that the Conference Board in Canada is not exactly an emanation of the New Democratic Party.

Hon. Mr. Grossman: Or of the Ontario government. I might add that our predictions are historically better than theirs.

Mr. di Santo: It's an emanation of the private sector, which is so dear to your heart.

Hon. Mr. Grossman: A point well made.

Mr. Hall: You do listen to and read what they say, though, I hope.

Hon. Mr. Grossman: Their projections are usually wrong.

Mr. di Santo: If the minister takes that approach, that he doesn't even listen to one of the most authoritative and serious research institutes in Canada—

Hon. Mr. Grossman: I said I listened. I didn't agree.

Mr. di Santo: —and he thinks he will solve the economic problems of the province only with a salesmanship job, he is wrong. That's as far as I can go.

Hon. Mr. Grossman: If I took your advice, I'd listen to the conference board then; is that what you've concluded?

Mr. di Santo: It has been pretty accurate in the past.

Hon. Mr. Grossman: Not as accurate as we've been.

Mr. di Santo: Not in the service sector, where most of the jobs have been created in the past in Ontario. The manufacturing sector is in trouble in Ontario. It has been hurt recently by the declining industrialization in Metropolitan Toronto, by the bankruptcy of a major shoe manufacturer in Ontario and by the serious crisis in the automobile industry, the deficit of which this year will be the highest since 1975. It doesn't seem the government of Ontario has played an active role in the automobile industry, if I remember correctly, since the former Treasurer made

an effort in 1978 to analyse the problem and came to the conclusion that Ontario, where 90 per cent of the automobile industry is located, is entitled to a fair share of the automobile industry.

Later on I will comment on the intervention of your government with the grants to the Ford company and, above all, with your apologetic position in support of the decisions made by General Motors in the allocation of funds in Ontario within its retooling plans.

In Metropolitan Toronto there has been quite a debate in the last two months after a report was published which turned out to be erroneous. I admit that, but we know that in the Metropolitan Toronto area there are some industries where there has been no growth at all; for instance, rubber products, where we are still at the 1971 level; or primary metals, where we are lower than in 1971. There are industries where there has been a net decline; for example, durable goods, textiles, clothing, furniture and fixtures, paper and allied industries, metal fabricating machinery, electrical equipment, chemicals and chemical products.

For the fiscal year 1978-79, in fact, we had eight partial closures, with 1,254 workers laid off.

Hon. Mr. Grossman: Eight closures? How many firms are there again?

Mr. di Santo: Eight partial closures—

Hon. Mr. Grossman: No. There were eight full closures, I think, weren't there?

Mr. di Santo: —and 18 complete closures.

Hon. Mr. Grossman: Out of how many firms carrying on business in that area?

Mr. di Santo: Okay. Let me give you—

Hon. Mr. Grossman: I'll see if I can get the figure in the morning.

Mr. di Santo: There were 18 complete closures involving 3,138 employees.

Mr. Chairman: Mr. di Santo, have you got much more?

Mr. di Santo: Hours.

Mr. Chairman: It is now 10:30; so we'll adjourn until 10 o'clock tomorrow morning.

The committee adjourned at 10:30 p.m.

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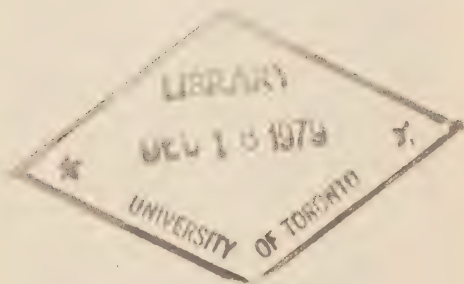
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Legislature of Ontario Debates

Official Report (Hansard)

Resources Development Committee

Estimates, Ministry of Industry and Tourism



Third Session, 31st Parliament

Wednesday, November 21, 1979

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

WEDNESDAY, NOVEMBER 21, 1979

The committee met at 10:09 a.m. in committee room 1.

ESTIMATES, MINISTRY OF INDUSTRY AND TOURISM

(continued)

Mr. Chairman: All parties are represented. We are a little low on numbers, but I think you can continue, Mr. di Santo. We'll call the meeting to order.

Hon. Mr. Grossman: Mr. Chairman, before you begin, Mr. Eakins was asking yesterday for an updated list of our staff and, in view of the extensive reorganization, I brought with me this morning an updated telephone directory for the ministry; we'll circulate it for all the members of the committee so they will be able to find everyone they need to find in our ministry.

Mr. Eakins: I'm glad you stayed late to put that together.

Hon. Mr. Grossman: I was up all night, tapping it myself.

Mr. Chairman: You may continue any time you are ready, Mr. di Santo.

Mr. di Santo: Thank you, Mr. Chairman. A further concern that I would like to raise with the minister is a question of the Havilland Aircraft of Canada Limited. The minister in his introductory remarks has emphasized several times the necessity of developing a strong manufacturing sector in Ontario, and I think de Havilland is a case in point.

You will recall that Mr. Sinclair Stevens announced on September 28 that de Havilland was one of the companies on the list of the public companies to be privatized. He raised the question with the government of Ontario, and personally I wrote a letter to the Minister of Industry and Tourism, who replied to me on September 15, 1979. De Havilland is a publicly owned company that was rescued in 1974 because the English owner, Hawker Siddeley, at that point was unable to keep a viable operation in Canada; they didn't have enough capital to invest in Canada. Since there was a prospect that the Canadian aerospace industry would disappear altogether, the federal government

rescued de Havilland, and the company since 1974 not only has been recovering, but also it is in a position today where the employment has increased substantially to 5,000 from 3,000. The company has a new line of production, the Dash 7 STOL plane, and it already has on the boards a new plane, the Dash X, which is the next generation of STOL.

The money invested by the federal government has been substantial, because apart from buying the company in 1974, when they spent \$38 million, they have invested money in the Dash 7 in the amount of \$93 million and they have guaranteed loans on the market; so the company now has a total investment of \$190 million.

The Dash 7 is the success story of the Canadian aerospace industry. In fact, they either have sold or have options for 63 planes, and they already have assured sales until the spring of 1981. But since the aerospace industry is one which becomes obsolete very quickly, there is a need to develop the next generation of plane; that's the Dash X, which is on the boards and in which the company has already invested \$6 million.

Our concern is that if the company is privatized, it may very well end up in the situation in which it was in 1974. Unless there is a very strong commitment, which at this point we think only the government can make, the company may end up in the hands of buyers who may be interested in reaping the profits that are accruing from sales of the Dash 7; if they do not intend investing in the new Dash X, then the company may very well be in trouble and the employment of 5,000 workers in jeopardy.

[10:15]

There is also a further concern that I would like to express; that is, in order to buy the company, it requires a corporation or a group with a very substantial amount of cash available and, as you know, Mr. Chairman, at this time there are not too many groups that have cash available. A few names have been mentioned; one of them is Brascan, which has \$750 million to be invested. Another group is the heritage fund in Alberta; that is another name that has been mentioned.

De Havilland is an Ontario-based industry and is a typically Canadian industry which employs and develops Canadian technology. Eighty-four per cent of the technology employed at de Havilland is Canadian; only the units that are not available in Canada are imported from the United States. The engines are built in Canada, and the wings and every other part of the plane are built in Canada.

The company is in the process of completing a second building so that a second assembly line will be built; therefore, there is a very good prospect that by next spring the employment will reach a high of 5,200 workers. This is an impressive work force, and this is a company that utilizes skilled workers. It is one of the few companies that train workers on the job and have apprentices programs. As you know, Mr. Minister, General Motors has problems importing skilled workers from England, and you are again explaining that they would train an equal or higher number of workers in Canada. But de Havilland is a company that trains workers on the job and employs skilled workers.

In your letter, you said—and I want to quote: "I do not believe that privatization of the company would necessarily be detrimental to its future, although there are numerous questions that would have to be resolved with a prospective buyer to assure the company and its employees a stable future."

There may not be such a stable future if the new buyer does not have a very serious commitment to invest funds in the next generation of planes or if the buyer is located outside Ontario. The Alberta heritage fund may very well be a prospect; you know that in downtown Edmonton, at the airport, there are large buildings where the company could be transferred. If such is the case, then we have no assurance whatsoever that the company and its employees will have a stable future.

I would like to know whether the minister still has the same position, or whether he is considering making a very strong presentation to the Chairman of the Management Board of Cabinet. I want to add that this is not a philosophical or ideological position; it is a practical problem, and one we have to solve in Ontario in a pragmatic way.

We think the present formula is working very well. In fact, not only has the company been profitable but, what is more important, the company exports 80 per cent of its product, which means it is one of the few companies that contribute substantially to the reduction of our trade deficits in manufac-

tured goods. Yesterday, the minister gave us the staggering figure of a \$12-billion deficit in manufactured goods. I think it is in the interests of Ontario, and in the interests of Canada, that we keep that company the way it is, and we should refrain from being caught by the paranoia against the public sector in this case.

Another matter I would like to raise, Mr. Chairman, is the recent bankruptcy of the J. D. Carrier Shoe Company Limited. Yesterday the minister asked me which forecaster I trust. I said that if there is a forecaster I don't trust, it is perhaps the Minister of Industry and Tourism. In fact, in his review on page 23, the last column on the right, under Leather and Footwear Industries, it says: "The setting of quotas and the lower value of the Canadian dollar have given Canada's footwear industry new blood and an exciting future outlook. Since 50 per cent of the footwear sector and 75 per cent of the tanning industry are located in Ontario, the potential and importance of job creation efforts are substantial."

This forecast, published in July by the Ministry of Industry and Tourism, isn't as accurate as the Conference Board in Canada's if two months later we have the collapse of the major shoe manufacturer in Ontario.

I would like the minister to give us some more details about the bankruptcy of the J. D. Carrier Shoe Company Limited, because in answering our questions in the House he wasn't really specific. He told us that the circumstances surrounding the bankruptcy were several, including a downturn in the market of monumental proportions. He said that he had encouraged the Ontario Development Corporation to be as lenient as possible in terms of its position as a creditor in order to ensure that either a new purchaser can come in or the current operators get whatever leniency they require from ODC in order for them to continue to operate. It is quite clear from the press reports that the company apparently is not going to operate in its entirety; and there are 1,400 workers laid off, despite the forecast of the ministry. The minister said yesterday that he would revise the criteria for the three corporations, the Ontario Development Corporation, the Eastern Ontario Development Corporation and the Northern Ontario Development Corporation.

I would like to ask the minister to tell us if he knew anything about the labour practices of this specific company. I would also like to ask if he knew anything about the imports of parts and the impact of imports in the deterioration of the financial situation

of the company, because I suspect that this company imported large parts from other countries. With the devaluation of the dollar, I think this is one of the companies that paid because of that. I wonder whether the minister has any figures about that and whether that was taken into account when the Ontario Development Corporation gave \$2 million worth of guaranteed loans. Since one of the criteria is the sourcing of supplies, I'd like to ask the minister whether that was taken into account when ODC went to the rescue of the company, which had been in trouble since last year.

Hon. Mr. Grossman: Do I take it you wouldn't have put in the money to save the company? Is that your position?

Mr. di Santo: Don't put words in my mouth. I'm asking you a question. I'm asking you whether you first took into account whether this company was importing a substantial number of parts, and did that subtract jobs that otherwise could be created in Ontario? Did this company, by importing parts, with the declining dollar value, put itself into trouble because of that? These are the questions that I'm asking you. I'm not telling you that you shouldn't rescue the company.

Hon. Mr. Grossman: You're not taking a position as to whether the ODC loan guarantee was a good guarantee? You're not taking a position on that?

Mr. di Santo: You are the minister. You have to answer the questions.

Hon. Mr. Grossman: You're quite right. I just wanted to clarify that you weren't taking a position on that. You're free to, but you are free not to as well.

Mr. di Santo: As I said, I'm asking the questions. When you answer, I can reply. I would also like to ask the minister whether he knew of the abominable labour practices of this company. Did he know that until the last day of operation it was paying minimum wage and less than minimum wage? In answering the questions of my colleague and member for Hamilton East (Mr. Macenzie), the minister said this is not one of the criteria on which the ODC bases its operations. But if we want to develop a sound industry, the wage aspect becomes an important aspect and should be a preoccupation of the Minister of Industry and Tourism.

Yesterday the minister said there was \$35 million left in the Employment Development Fund. I'd like him to tell us how he arrived at that amount. From the figures released on October 18, apart from the \$28 million given

to Ford and excluding the money allocated for tourism, they spent \$5.63 million, and there's the \$7 million spent out of the total of \$100 million for the pulp and paper industry.

I'd like to ask the minister how he arrived at the total of \$35 million left in the fund. [10:30]

At this point, after several months of operation, I'd like to ask the minister if he can give us, or if there is, any study on cost-benefits and the criteria used in allocating the funds. I know that he announced the criteria would be reduced. I'd like to know if, in granting the \$5.63 million and \$7 million to the pulp and paper industry, the government knows if any apprenticeship or training course has been contemplated by the companies which received the funds and what level of Canadian or Ontario value added in the production is being taken into consideration; if the reinvestment of profits in Ontario has also been discussed; or if there is any commitment on the part of the companies which received the money to do so, since six of them are foreign companies.

I'd like to ask the minister to tell us how they work out the employment level with the companies.

As far as the Small Business Development Corporation Act is concerned, which was one of the pitches made by the minister yesterday in his introductory remarks, I know of only one corporation set up. I read that in the Toronto Star on August 27, 1979. I'd like to ask the minister how many companies have been set up so far, how they are operating, and what capital they have available.

Hon. Mr. Grossman: Fourteen.

Mr. di Santo: Fourteen companies. Do you also have a figure on the amount of funds available?

Hon. Mr. Grossman: I will have that for you. The SBDCs are run by the Ministry of Revenue; so I'll have to get those figures for you.

Mr. di Santo: I'd now like to restrict my remarks to the automobile industry, because the automobile industry is the most important industry in Ontario and accounts for a very large amount of our exports. This is really the crux of the problem in the manufacturing sector in southern Ontario.

Since the auto pact, we have been going through growing pains. Except for the initial years, we have been faced with a situation where an increasing amount of parts are produced in the United States while the cars are assembled in Canada. Therefore, the auto

pact has resulted in a substantial trade deficit for Canada. In fact, in 1969 we only had a \$90-million deficit; in 1979, we are faced with an astonishing deficit. There are two reasons for this; one is that the US market is now saturated; because of the recession in the United States, the demand for automobiles is declining sharply.

The second reason—and this is more important for Canada—is that the auto parts used by the Big Three and the American Motors Company increasingly are built in-house in the United States or using American manufacturers. For this reason, at the end of 1979 we will have a \$4-billion deficit in parts alone. If we make a rough calculation of the cost per job, we will end up with a staggering number of jobs that we will lose because of the deficit in the auto pact. That situation is unacceptable. Also, in the United States, because of the energy crisis, there is a gigantic effort to modernize and retool the whole industry. They are moving from the present cars to lighter, fuel-efficient cars. The investments that have been announced are in the range of \$65 billion to \$70 billion.

The last time the government of Ontario made an effort I think it was also the first time was in 1978, when the Ministry of Treasury, Economics and Intergovernmental Affairs produced a document on the auto parts, asking for a fair share for Canada, and, since 90 per cent of the automobile industry is in southern Ontario, when we are asking for a fair share for Canada we are really asking for a fair share for Ontario. As I said before, if we have a \$4 billion deficit, because of that alone we lose an immense number of jobs in Ontario. If on the other hand we do not have a fair share of investment of the \$65 billion or \$70 billion which will be invested in retooling, then we will be put into an untenable position. This government should realize that the threat to the manufacturing sector of Ontario is really serious.

Last week, on November 13, General Motors announced that it will invest \$2 billion in Canada. That figure of \$2 billion may seem to be a lot but, if we look at it in the perspective of what that means for the future of Ontario and for the future of the automobile industry, it means of the announced investment of General Motors \$48 billion, we are not getting anything close to what our government deserves as a fair share. Since the Canadian market is one tenth of the North American market, then it is logical to expect that we have one tenth of the investments in Canada. One tenth of the investment in Canada is \$3.8 billion. If you asked to how many jobs would be created with \$1.8 billion, then

you will realize that this operation for Canada—even though \$2 billion seems to be a huge amount of money—results in not only a net loss of jobs for Canada but also in a deterioration of our position as an industrial province and as an industrial country.

I realize this is a federal responsibility but I think the government of Ontario has to give a very close look to the automobile industry. The automobile industry is not going to go away. It is going to be here, it will change, it will transform itself but it will be here. In Ontario now, it is the manufacturing industry. Later in the estimates we will be discussing in more detail the problems of this industry, what the provincial government should do and what package it should be able to obtain in dealing with the federal government and with the automobile companies.

I want to say at the outset that you will solve the problem we have in the automobile industry by doing what you did when you granted \$28 million to Ford in order to attract them to locate their plant in Windsor. The problems are much more complex and we have to be faced with a clear idea of the complexity. The government of Ontario has been negligent in doing that recently.

I want to say a few words about the trade missions that the minister announced yesterday. When he spoke about Japan, he was obviously quite disappointed. He said Japan has virtually told us that they don't want our money, thank you. They have shut their door in Toronto. He said he is willing to go to Japan again next year to try to change this situation.

The situation is, as I said yesterday, that most of our exports are directed to the United States. The so-called third option hasn't worked so far, and there are no signs that it will work in future. The situation which I think is apparent, is a difficult one. On October 18 and 19, there was a conference organized by the Globe and Mail and the Nihon Keizai Shimbun, the Japanese economic journal, at the Royal York Hotel. I think there were also people from the Ministry of Industry and Commerce. The message that came from the Japanese was quite clear. They told us quite bluntly, not in a very subtle way, "If you want our resources, we will give you technology."

I think the case of Japan is a lost or had hoped that the help made by the government in April of this year would have worked for the industry as a learning experience. If the industry had examined carefully the policies adopted by Japan,

haps he would have learned that if we adopted some of those policies in Ontario, we could start redressing our industrial development and, above all, perhaps we could have the process of freeing our province and our country from the economic dependency that we have today.

[10:45]

Trade with Japan doesn't look good because we know that in 1973 Japan purchased 7.1 per cent of all Canadian exports and 1.1 per cent of Ontario exports. The reason is that they, Japan, import mostly agricultural products and raw semi-processed industrial materials. It is interesting that, for Japan, semi-processed industrial materials are considered manufactured goods.

What I would like to say is that, despite the fact that last year we exported \$14 million more to Japan than in 1977, the trade deficit on end products continued to rise from a \$1-billion deficit in 1976 to \$1.3 billion in 1977 and to nearly \$1.7 billion in 1978, which means in effect that our trade with Japan is one of those situations where the more we increase the trade, the more the deficit increases. I'd like to ask the minister to tell us why he thinks we have no access to Japan.

I'd like to bring to your attention, Mr. Minister, that Japan has implemented such strict guidelines on foreign investment policies that virtually from the second World War to 1965, no foreign direct investment was allowed and joint ventures were allowed only where 50 per cent of the shares were in the hands of the Japanese.

I'd like to suggest to the minister that he read the Watkins report, which tried to quantify the foreign investments in manufacturing in Japan, as well as the guidelines that Japan has set and the certificate of validation that Japan has produced for the multinationals operating in Japan. That is a valid exercise that may help the minister in setting some guidelines for Canada. The trend in Canada is quite the opposite. Last year, almost all the applications of foreign companies were approved; FIRA passed 96 per cent of the applications, and Ontario agreed with that.

Hon. Mr. Grossman: No, no.

Mr. di Santo: Well, almost all of them, I am not saying all of them, but almost all of them. I think that's the wrong trend. If the minister goes to Japan next year, he should study the guidelines—or perhaps I can send him the guidelines—so that he can have some ideas for Ontario and for FIRA. Especially now there are feelings that the new

federal government wants to abolish FIRA or to change it to make it less effective, I think it is in the interest of Ontario that we take a stronger position. I understand that the minister has been saying time and again that every investment is welcome as long as jobs are created.

Hon. Mr. Grossman: That's wrong; don't misrepresent me.

Mr. di Santo: I'll quote again from your speech on March 23—we say that's not good enough.

Hon. Mr. Grossman: Quote it for me.

Mr. di Santo: I quoted it last night. I don't have all the papers in front of me.

Hon. Mr. Grossman: The quotes you had last night didn't say that.

Mr. di Santo: If you read the record, you will see that.

Hon. Mr. Grossman: You are the one who's trying to put words in my mouth now, and if you want to you'll have to find my words and try to put them back. Okay?

Mr. di Santo: Okay. I'll come with quotes, chapter and verse.

Even if this government thinks that every investment is welcome as long as it creates jobs, we think that is not good enough.

Hon. Mr. Grossman: I'm not going to let you read that into the Hansard report without having to interrupt you every time you say that.

Mr. di Santo: That has been the thrust of the government. That has been the policy of this government.

Hon. Mr. Grossman: That isn't.

Mr. di Santo: In fact, last year 96 per cent of all the applications were approved; you cannot deny that. Of the applications from January 1 to August 31, 1979, 76 were actually manufacturing, 48 import distribution and 84 were retail. I think something has to be said about it if there is such a large number of applications in the service sector. I don't think that proves the point the minister tried to make yesterday, that we have to reinforce our manufacturing sector. This isn't the way to reinforce the manufacturing sector.

I want to say a few words about the government's procurement policy before I conclude my remarks. The minister, in his introductory remarks yesterday, said the government is committed and that it would like to revise the 10 per cent premium. The fact is that this government hasn't done much when it has been directly involved in purchasing policies. The government does not

have a clear direction in defining the areas where it should take a more active role.

Last year we brought forward a few examples of manufacturing companies in Ontario which did not have the opportunity to benefit from the purchasing policies of Ontario. As you will remember, I raised the question of Microfilm Recording Company Limited with you. That was a small example we raised in the House.

We had other examples that were debated in the House and, for reasons that were never made public, you tried to justify the choice made by the government. The fact is that Canadian Applied Technology of Buttonville, which was found unsatisfactory from a technical point of view, is a Canadian company which has done work in the United States—in several states actually. There are ways and means by which a government procurement policy can be promoted actively as a definite policy on the part of the government.

Hon. Mr. Grossman: All the facts were made public.

Mr. di Santo: You said that the facts could not be made public because the company didn't want them to be.

Hon. Mr. Grossman: No, no. I said I would make all facts public—

Mr. di Santo: Very good.

Hon. Mr. Grossman:—that the company felt comfortable with. I also indicated that I would make all the facts available to both your party and the official opposition, and all that occurred.

Mr. di Santo: Privately to the leaders.

Hon. Mr. Grossman: That was with the agreement of the opposition leaders, as I recall, and with the company. I just won't let you imply that this government or myself hid any of the facts. We were willing to provide any of the facts and figures that the company felt comfortable with. I did supply all the information requested by the opposition parties.

Mr. di Santo: Well, okay, I just want to reiterate what I said. In your answer on June 8, 1979, you didn't say you would make the facts public. In fact, you said: "However, if I were to do that, I must say to the leader of the third party that in order to give an effective defence of the decision made, it would probably not be in the best interests of the Canadian company to go into extensive detail as to some of the severe reservations the government had in making that decision. In that spirit I would be pleased to make available on a totally confidential basis, to

both the Leader of the Opposition and the leader of the third party, most of the information we have at hand, or at least that portion which is not confidential from the company."

So you didn't say you would make it public. You said you would make it available to the leaders of the two parties.

Hon. Mr. Grossman: You said a few moments ago that I kept some information secret. I want to make it quite clear that I was willing then—and what you've read confirms this—and I am willing now to make available any information that the company wants made available. I have made all the information available to the members of the opposition. As you acknowledged, I have not received one bit of indication from you or your leader that the information we provided was incomplete or inadequate.

If you make that allegation, make it. If you don't, I ask only that you show me the courtesy of acknowledging we did not hide, or keep secret, any information.

Mr. di Santo: I didn't say you hid anything. You said you kept some information secret. I read your record. I didn't say you were there to hide anything.

Hon. Mr. Grossman: I made everything available, to the satisfaction of the leader of your party.

Mr. di Santo: That is not to say that, when you answered, you said you couldn't make it public. There is a difference between making something public and making it available in a confidential way.

Hon. Mr. Grossman: I presume your leader, by not raising objection, has indicated he agreed with my course of action. If you are taking a different position, you are quite free to do so.

Mr. di Santo: My leader's not raising any objections doesn't mean you made the information public.

Hon. Mr. Grossman: Carry on.

Mr. di Santo: You made it available to my leader; that's the difference.

Anyway, the purchasing policies of the Ontario government are not accepted by a confidential report prepared for the Department of Communications, national telecommunications branch, industrial resources division. I want to quote what kind of premium they say would be acceptable for Canadian companies:

"The approach developed for determining the premium which can be justified on economic grounds is based on two components. One component considers existing economic

conditions in the communications industry; in the other case, specific factors. In most cases only the former component is of interest. With current levels of unemployment and capital utilization, comparing an entirely domestically produced good to an import, the maximum premium based on this component is 76 per cent of the price of the imported article. In other words, if the price of the Canadian product is less than 76 per cent of the price of the import, buying Canadian is justified. The maximum premium for different percentages of domestic content can be determined using simple algebraic formula. For example, with 50 per cent domestic content, the maximum allowable price of the good is 127 per cent of the import price."

This is in the communications field—one of the areas where any modern industrialized country should expand. We know there are areas in the communications industry where the future industries of the country will discover whether they can compete with other countries or not.

With this, I conclude my remarks and will reserve the right to speak on each individual vote later on.

11:00]

Mr. Chairman: Mr. Minister, I guess you have some response for both groups.

Hon. Mr. Grossman: Yes, Mr. Chairman. I want to run over—in not too great length I hope—some of the comments made last night.

Beginning with Mr. Eakins' comments: As always Mr. Eakins has attempted to be constructive in his remarks on the tourist industry. I want to comment a bit on his suggestion about a master plan—whatever that entails. The federal government is currently working upon what is called A National Tourism Strategy. I think that's an important step forward. I'm a little concerned, I suppose, about to what extent the federal government can develop a national tourism strategy in view of the fact that the tourist attractions in Newfoundland are so different from those in British Columbia.

It seems to me that whatever policy, whatever strategy they've tried to develop for tourism, must really respond to the concerns we expressed—I hope it would anyway—at the last tourism ministers' conference: that the tourism priorities established by each province are, in my experience, quite appropriate and suitable to the province's needs. I think that—in simple terms—we are better able to assess our market, the kinds of things we should be developing and selling, than the national government in Ottawa

is. The kind of support the national government ought to be providing is in the areas of financial assistance, airline deregulation and promoting Canada in advertising in overseas markets. That kind of support to the specific things that we are doing to sell the retail side of our tourist package is what we need in a national tourism strategy. In terms of a provincial tourism strategy, we are now, as you know, well down the road in making changes in various areas.

Perhaps as the estimates unfold, Mr. Eakins might be able to tell us about some of the other pieces not in place now, that he would add to a tourism strategy. I would call, for example, our tourist information centres thrust an important part of the strategy. I would call our trip program an important part of the strategy to upgrade. I would call our determination to go ahead with some theme parks in various parts of the province an important part of the strategy. I would call our determination to provide funding for destination resorts, places like Searchmount—if we can get that under way—and on specific things like low ski attractions, an important part of this strategy. I would call our efforts to improve our highway signing situation an important part of our strategy.

Finally, the marketing side is paramount. In the next couple of months we will be ready with what I consider a totally new marketing strategy for tourism. All in all, it will comprise a pretty good master plan for tourism in Ontario.

One of the things Mr. Eakins referred to was some of the B.C. plans. We are now trying to do something that really hasn't been done here effectively: to go to the markets and find out what kinds of things will work. That should be completed not too long from now.

After deciding which specific lures will work, we will build our marketing campaign around that assessment of our major markets. If it's the type of thing BC did, then that's something we will proceed with. If it's something else—and we are several years down the road when BC tried that and succeeded with it—then it will be something else. But the conditions here are a little different from British Columbia.

I would point out that the person who developed that particular promotion for British Columbia, to which Mr. Eakins referred, is now a consultant to our ministry on a regular basis. So we have all that information, and he is as creative as he suggested he is.

One of the recurring themes we hear in the tourist industry is deregulation. Mr. Eakins again referred to that. We have been

into deregulation in the tourist sector. We deregulated in the area of campground licencing. As the member will know, that created some misunderstanding and concern out there, as these things always do when you undertake what appears to be the removal of a government service program.

Mr. Eakins: How is that accepted now?

Hon. Mr. Grossman: I think they are beginning to accept it. I was up with campground owners last Friday. They now seem to be understanding a little better how it is working. I might take a moment to explain that.

Mr. Eakins: Could you just make reference to any thought the municipalities have on that also?

Hon. Mr. Grossman: Yes. One of the perceptions when we got out of licensing campgrounds in southern Ontario was that suddenly presented a new and different role for the municipalities in licensing campgrounds. In point of fact, it did nothing by way of affecting the municipal role. The municipalities have always had a role in campgrounds beginning with zoning and ending up, in some cases, with health. They have always played a role in that area. Our removal from licensing did not add to their powers or authority in any way whatsoever.

Municipalities, as is always the case, may decide to take a more active role from year to year in controlling campgrounds, but that is not at all the function of our licence. In fact, our licensing of campgrounds was simply a certification that all of the requirements and all of the permits that campground operators had to obtain had been obtained. It was not an added approval in any sense. It was a certification that all of the other approvals had all ready been obtained. The current situation is that we have saved the campground owners the cost of that additional licence and the need of sending in forms to obtain that licence.

Our services are unchanged. We have always assisted campground owners in obtaining those various approvals. There are five or six provincial ministries involved and there are municipalities involved. We continue to have our field staff work with a campground owner to get all the approvals from those ministries and the municipality, where appropriate.

The point I am making is that we have deregulated. It hasn't caused, and shouldn't have caused, any problem for the campground owners. I might add, as I told the campground owners, if it has, then I would like some specifics and I will look into that again. Our intent was not to withdraw one iota of

the service or assistance we were providing to campground owners.

The campground owners, on the other hand, are getting assistance from us, and we are providing exactly the kind of role the honourable member suggested we ought to be playing, that is, a co-ordinating role with various government agencies. In my opening comments yesterday, I indicated that we saw our role, not as being reactive, but as being pro-active, being an advocate. For a single campground owner or a single tourist operator who wants to come in, add to his premises or build a new premise, it is the Ministry of Tourism's responsibility to take that person through all of the doors in government to get the necessary approval. We should be doing that and we are doing that.

I might take this opportunity to tell members that any of their constituents or anyone they know in the tourist industry who is thinking of going into any of these projects should be coming to us and expecting us to play that role. If we are not, that is something I would like to hear about on a specific basis.

I have some comment about the role of the Ontario Development Corporation. We may get into that when we get into the vote. Suffice it to say that a member suggested ODC ought to be specializing in lending to the tourist industry. Essentially, it has two general mandates: manufacturing and tourism.

We will have figures for you with regard to just how many loans were made to the tourist industry since its inception in 1974. Tourism loans since 1974 have totalled 585.

Mr. Eakins: They have been drastically reduced in the last reporting year, as I remember. I think there were something like 52 tourism-oriented loans, or was it 35?

Hon. Mr. Grossman: Thirty-five.

Mr. Eakins: It's pretty much down, but we can discuss that under ODC.

Hon. Mr. Grossman: We made \$63.1 million worth of loans. I think that's a pretty good record over five or six years for the Ontario Development Corporation. As we complete our redefinition of the role of ODC, I would hope they would be in a position to serve the tourist industry even better, but I must say it has been a successful vehicle in providing financing to that industry.

Interestingly, among our reorganizations has been a bringing together of our field staffs. We used to have a situation where in one community there might be an ODC office, an Industry and Tourism office and a tourism officer, but essentially in different offices. As you know, we have combined

those where possible, and we'll be completing that over the next little while. In the very near future, you will find they are all working together in the same office. We won't have a situation, as we sometimes had in the past, where someone was coming to the ODC office and making a proposal and the ODC man was processing that, while the tourism man didn't know about it until somewhere down the line. Now they will all be working together as part of one ministry team to analyse each application that comes in.

The bringing together of the offices and putting more tourism people out in the field will mean the accessibility of ODC to the tourist industry will be greatly increased.

I should also point out in terms of financing the vehicle, SBDCs have four mandates, one of which is tourism.

Mr. Eakins: Are there any specializing in tourism at the present time?

Hon. Mr. Grossman: We don't know. I don't have that and I think we're really at an early stage in terms of the SBDCs. From the figures I have—and this will answer one of the questions Mr. di Santo had—18 SBDCs are now incorporated. That means there is at least \$90 million available for investment in small businesses in this province. You might be interested in knowing one of them is in tourism.

Mr. Hall: That would be a maximum of \$90 million, wouldn't it, with 18 times the ceiling of \$5 million?

Hon. Mr. Grossman: Each has an authorized capital of \$5 million, yes.

Mr. Hall: So it's not a matter of "at least." The "at least" would apply to whether the new thing is still in the works. You're not specific as to some of them relating to tourism. They do have to register with you at first go and indicate in their papers their objects, don't they?

Hon. Mr. Grossman: No. The Ministry of Revenue is the ministry they register with. I believe I'm correct in saying all of the corporations have registered as eligible for each of the four mandates SBDCs are allowed to have. I am told there is one in Ottawa now being formed which will be concentrating on tourism.

I think it's fair to say the people here must get their money out. They must reinvest it, as you know, to stay eligible and in the program. If they get good tourist applications brought in to them under the private sector or by us, then I am sure that they will be reinvesting it in a tourist oper-

ation. They will be looking for viability, I expect.

I am told most of the SBDCs at the present time are funded somewhere in the range of \$250,000 to \$500,000. There are 18 registered to date; 17 have authorized capital of \$5 million and one has authorized capital of \$1 million. The total authorized capital, therefore, is \$86 million, not \$90 million.

[11:15]

That's where we stand right now on the SBDCs. As far as our ministry's role is concerned, we are actively promoting them. In other words, we're not in one of those situations where we have a vehicle out there that's being neglected. My ministry, through my director of small business, has conducted presentations and seminars in SBDCs for various business gatherings throughout the province. You might be interested to know the details of these presentations.

There was one in Cobourg, with 20 people attending; Kingston, 100; Barrie, 40; Kitchener, 150; St. Catharines, 85; Hamilton, 125 and Toronto, 50. The point is that rather than have a program and let it sit, my field staff and my director of small business are actively out throughout the province running seminars, bringing business people in, educating them as to the working of the SBDCs and generally trying to get people in those communities into the SBDCs.

I needn't kid you, and I've said it quite publicly, my guess is that the communities in which the SBDCs are incorporated are, in turn, the communities that will receive the investments from the SBDCs. I think that's reasonable. That's why we're really working hard to get people throughout the province in the various municipalities to invest their money in SBDCs.

Since we are actively promoting it among both our industry and tourism people, I'm thoroughly confident we will get a portion of that money out to the tourist industry. We are watching that on a regular basis and we will report to you. If SBDCs are not getting out, we will be approaching the Minister of Revenue and the Treasurer on those matters.

I want to deal with the comments Mr. Eakins made on some of the other issues, but perhaps we should save the time and deal with them when we get to the tourism votes. Mr. Hall made several general comments. One of his general thrusts, as was the case with the critic for the third party, was that our economy was not in great shape for the future. I would have to say our presentation yesterday was fairly balanced. We did present, I think, both the positive

and negative side of each. We mentioned negatives we'll face in the next little while. In judging as to whether or not we presented both sides, I would urge members not to concentrate only on the down side, just as they would urge us not to pretend the up sides are the whole story either. I think we've taken pains to do that.

The point we are making in our presentation is that we are not kidding ourselves. We are trying to get a handle on the real situation here and, in doing that, we're measuring up what our problems are and trying to knock them off one at a time. I think we do have to be realistic.

We have to understand also that while we read a lot about firms fleeing Ontario, the flow isn't really that great. We also get a lot of new firms coming into Ontario—GM expansions, Ford's new plant, the Cadbury head office and the Sun Life head office. Pratt and Whitney is opening up a major facility here which will include research and development. Other corporations, such as Du Pont, the Royal Bank and the Bank of Montreal, do have major functions being transferred into this province.

Mr. Samis: Due to political circumstances.

Hon. Mr. Grossman: The member points out that's due to political circumstances. I can only say these firms are making a business judgement as to whether Ontario is a good and healthy place to do business. A lot of them obviously are concluding it is. I guess there's no point in my reading out a long list of the firms that have expanded in Ontario or have located in Ontario over the past little while.

When you look at what's happening across the board, you find firms operating at the high capacity figures we indicated. All our reports from our field staff indicate that while a lot of firms are reading the Report on Business and the Conference Board in Canada's reports saying things are bad, few of them are reporting that their individual firms are facing any problems. Most of them are reporting that business is good, their orders are holding up and their investment plans are continuing.

There has been talk about the decline in our trade position in the third quarter of this year, and the figures were worse than expected. A close analysis of the figures indicates, though, that one of the reasons for that decline is a fairly substantial increase in the amount of manufacturing equipment and production machinery being purchased by Ontarians and Canadians for plant expansions. Whether they should have

bought that, or whether that machinery was available here or not, is another matter. The fact is, that there is quite an upsurge in the amount of equipment being purchased for plant expansion in the third quarter of 1979.

We believe most of those companies carefully assess the market. We are aware of the pending difficulties in the United States. Most of the people we deal with are telling us they are proceeding with their plans, but their orders are holding up and they are still fairly optimistic.

In terms of our merchandise trade, exports grew rapidly in September and imports declined. In September, Canada registered a trade surplus of \$641 million. That was the best month so far in 1979.

Those are the situations. We can talk forever, I suppose, about whether the economy is in good or bad shape. I'm happy to stand on the figures we have now drawn out.

Mr. Hall: In connection with the September figures and the surpluses, what about the manufacturing segment of that total number?

Mr. Laughren: That's a dishonest figure.

Hon. Mr. Grossman: That's total nonsense.

Mr. Hall: Stop trying to kid the troops. You haven't broken it down into manufactured goods?

Hon. Mr. Grossman: I'll be happy to do that for you.

Mr. Hall: Thank you.

Hon. Mr. Grossman: You are welcome. The point is the people out there making investment decisions are investors. We don't kid ourselves with regard to the problems, but we do strongly believe the economy is in better shape than is generally thought and that the 1980s will be pretty good.

The member also asked about SBDCs. We are working quite hard to promote them.

Mr. Hall: May I ask a question about SBDCs? The information I have is that as of November 9 there were 14 registered SBDCs that had invested a total of \$432,000 in manufacturing businesses. If the concern is in the manufacturing sector, this doesn't seem to me to be a very high number.

The tax credits up to that date had been 114, amounting to \$227,000 paid or approved, reflecting purchaser investments of some \$7 million. I want to relate that to the potential authorized of \$90 million that you referred to, which would represent five times 18 applications. I imagine it's going to take some time, but how do you keep the thrust

on the manufacturing section, as well as on the four target areas for investment?

Hon. Mr. Grossman: I think it's a matter of our getting out and marketing what we think is a potentially important investment tool. We are marketing it, as I say, through seminars. I'm referring to it wherever I go and, in most cases, taking copies of the brochure that has been prepared. I believe the Ministry of Revenue is mailing out copies of the brochure to all accountants in the province.

I think it has been marketed as well as any government program has been marketed. It is incumbent on my field staff to make sure that potential recipients and beneficiaries of SBCs are aware of them and using them. I do take the responsibility for seeing that happen over the next few months.

In terms of the figures you presented, I think we should get in perspective that we're sitting here on November 21. The first SBDC was incorporated, if my memory serves me right, somewhere in the end of July or the beginning of August—it was over the summer period. That's the period of time it took them to find a place for the very first one. Many of the other 17 that have now been incorporated have been funded and incorporated literally only in the last 30 to 60 days. It is very early to assess how much of that money is going to be reinvested.

I emphasize that they are required by legislation to get that money back out, so I think a better time to assess the situation will be perhaps next summer. I can assure you, though, that we are monitoring the flow of these funds, together with the Ministry of Revenue.

I should say SBDCs seem to be attractive, have noticed the federal government in the last couple of days was, and is, flirting with the idea of reinforcing the program. I understand even the great province of Saskatchewan now has a program similar to the SBDC one in place. We'll watch them.

Your comments are certainly welcome. I think it's an important kind of vehicle.

The member got into Rodney Grey's remarks. I hope we get a chance to discuss some of that as time goes on. We should not confuse what he is saying by trying to simplify it into pretending Rodney Grey is taking a restrictive or negative attitude on the whole question of international trade.

He's taking a position, with which we agree, that you must be objective and make a fair analysis of what has occurred and what hasn't occurred. One of his criticisms has been that Canadians haven't always had a good view of the situation.

One of the things we're trying to do is to obtain from him a good and clear understanding of the opportunities that have been presented, and of just how great the new opportunities are. The point he's making is that, while the US has lowered some of its tariffs and while 80 per cent of our goods will travel tariff free to the US, some of their other mechanisms in place to protect their manufacturers are not only still in place, but more easily used by the manufacturers in question.

He is suggesting that the thrust of the recent agreement, in terms of what the United States did, was to make their system more easily accessible to their people and clearer for us to see. What's called the transparency of the protections they have in place has been increased. The point he is making is that, while tariffs have come down, so that it's easier and cheaper to sell goods to the United States, their manufacturers will be more able to get some protection to the extent that they can complain and take action against goods which are exported out of this country, as a result, in part, of indirect government support.

We understand clearly what they are doing. His point is that, if we in Canada are to take equal advantage and operate on equal terms with them, one of the things we must do is position our manufacturers to take equivalent steps against the importation into Canada of subsidized goods from the United States. He is quite critical of the anti-dumping process here, the lack of an adequate customs bar in terms of the legal profession and the mechanisms developed in Ottawa to take action effectively against subsidized goods which are doing the same harm to our goods here and against which they can take action in the United States where subsidized goods, as they would have it, flowing out of Canada harm their manufacturers. He's simply saying that they have a mechanism in place which is more accessible than ever to their manufacturers to protect themselves and he's urging this country to do everything possible to give the same amount of protection in that area to its own manufacturers.

That is something we heartily agree with. We are now looking at some things we might do, as a province, to assist that. Suffice it to say that is something the federal government must attack, and must do so expeditiously.

Mr. Hall: Based on his advice then, you are pressing the federal government for something similar in non-tariff barriers to be clearly identified here in Canada to a greater extent than they have been in the past.

[11:30]

Hon. Mr. Grossman: What we are saying is that Canadian manufacturers should have the same kind of protection United States manufacturers have. The GATT agreement would provide the same type of protection for Canadian manufacturers that American manufacturers have in terms of protection against subsidized goods coming into the country with differences which I will get to.

My assistant informs me that Mr. Trudeau has resigned and a leadership convention will be held in March. Mr. Eakins, do you want to leave and get going? You don't? It is not true he has asked to join our cabinet in Ontario.

Mr. Eakins: We expect that news provincially too.

Hon. Mr. Grossman: That your leader will resign too? That would be bad news for us.

Mr. Hall: I am glad to see your executive assistant doesn't concern himself with politics.

Mr. Chairman: Order.

Hon. Mr. Grossman: What we are saying is, if we are to compete on a fair basis, our manufacturers have to have equivalent access to those remedies. They don't have it right now. We have made direct approaches to the federal government for changes in those mechanisms and they are considering them. I think there will be some changes.

Mr. Hall: I just have one more question or two on Mr. Grey. Is Mr. Grey domiciled in Canada?

Hon. Mr. Grossman: No. We bought half his time in a three-year contract. He is half time with our ministry. He is based in Ontario House in London and is over here for a period of days, a week or two weeks, at least once a month. For example, we are going with Mr. Grey to Washington in the next month or so.

He knows, from his experience at GATT negotiations very many of the people who make the major policy decisions in the United States beginning with Bob Strauss and on down. We are going to spend a fair amount of time with him in Washington to try to understand better what the American position is.

Mr. Hall: He's not going to spend the other half of his time with the Americans, I hope.

Hon. Mr. Grossman: He's doing trade policy research under the auspices of the United Nations. All that, of course, will help us. That is just one example of what he is doing. Another thing he will do is attending

the seminars which we will be arranging in this province and explaining to our manufacturers the reality of the opportunities being presented in the United States and other markets. He will be talking to them about how to get into those markets. He will be talking to other groups on how to enforce anti-dumping and other mechanisms here in Canada.

Mr. Hall: Is he involved, on your behalf, with direct negotiations or whatever you want to call it in Ottawa? Does he use his expertise to influence the presentations you make? Does he make them jointly with you?

Hon. Mr. Grossman: As a example, I expect he will be with us when we go to the first ministers' conference on the economy next month. That will be a major addition to Ontario's team. He is working with us as we plan Ontario's papers to be issued at that conference.

Mr. Hall: Periodically, you have to put up with the nuisance of going over there to see him too, do you?

Hon. Mr. Grossman: I wish that were part of his contract, but, unfortunately, he comes here as part of his contract. In any case, I should tell you in terms of Mr. Grey's availability to Ontario manufacturers he has already had seminars in London and Chatham to help the manufacturers there to understand what their opportunities are.

I might take this opportunity to get into the larger issue the members raised about free trade, or fair trade or whatever. Perhaps we will get into that at a later time in the estimates. I can only say what we seek is fair trade. Whether we are talking about Japan, the United States or the European Economic Community, we do want fair trade. Our definition of fair trade includes equal access to the remedies against dumping. It also includes an assessment of whether the trade is, for example, for manufactured goods. There is no point in pretending we have a balance of trade situation where it is our export of natural resources balanced against our import of manufactured goods.

Mr. Hall: Does this represent a shift? You will certainly correct me if I have been given the wrong impression, but I sincerely got the impression in estimates last and from other things discussed in the Legislature that you were an advocate of free trade a year ago, prior to the results of that coming down and prior to engaging Rodney Grey.

Hon. Mr. Grossman: It is not a shift. What we are saying and have always said is that in order to achieve some of the goals we as a nation want to achieve, for example,

research and development, Canadian-owned industry and a balance of payments, then in many areas and in many sectors, we need world markets. We cannot build up our R and D.

As I said in my opening statement, most firms need sales of at least \$10 million to have any meaningful research and development facilities. For very many products, the Canadian market just isn't going to be large enough.

Mr. Hall: Unless the Ontario Research Foundation is very accessible at minimal cost.

Hon. Mr. Grossman: We will get into the ORF in a moment. When you think of the scope of the people we are competing against, even if incredible amounts of taxpayers' dollars were put into ORF, even the maximum amount that you would suggest the government fund ORF to, wouldn't match the amount of money that one major American company puts into its R and D.

Just to get some sort of perspective on the situation, in terms of providing broadly-based research and development assistance to our Canadian manufacturers across the wide spectrum, at the level at which they are operating, ORF provides an incredible increment in returns to those firms—which they otherwise couldn't get. The large firms are either multinational firms or firms like Northern Telecom that do have their own R and D facilities.

The point I am making is that in very many sectors we do need those large international markets to achieve the world-scale production, and revenue that will allow us to reach our other goals.

It is our position—and, frankly, our parties differ on this—that we aren't going to achieve that if we attempt to do so by drawing curtains around our country and saying, "Let's cut off all goods out of this market and try to build those world-scale plants and those world-scale R and D facilities by selling our products between British Columbia and Newfoundland." The market just isn't there for many products. It is just not going to work.

In comparison to that, I often think about what the European Economic Community has done. Those nine countries have said, "We have to develop the scales of production, based upon the population over in Europe, which will permit us to compete in technological sense with the United States." They are succeeding by marshalling that large market and giving a manufacturer in Antwerp, Belgium, access to the many more millions of people in Europe than he had

before that change was made. By selling only into the Belgian market and not really being given full access into the German market—

Mr. di Santo: The starting point was quite different.

Hon. Mr. Grossman: —they wouldn't have been able to achieve the monumental gains they have made as a result of marshalling those forces.

Mr. Hall: I agree with all that, but how do we create a similar situation here in Canada?

Hon. Mr. Grossman: That's a good point. I am glad you raised that point. That is where I was going with this. One of the concerns I have, and I've stated it publicly, is that in Canada we haven't even succeeded in marshalling all the purchasing power of our own domestic markets. We have, for example, procurement policy which varies from province to province. With the vast expansion in Alberta, we have a situation where I cannot tell you that Ontario manufacturers have any great advantage getting into the large capital projects there over a firm from Washington or Oregon bidding on those projects.

Mr. Hall: In our view, we ourselves have been pretty provincial instead of national in the not-too-distant past.

Hon. Mr. Grossman: I don't think you can cite more than one or two examples of that. I'm not too interested, I might say, in arguing about the past. I, for one, have long been arguing for national procurement policies. Some of the other provinces can't continue to give equal access to our competitors in the United States and then decry any thought that Ontario or other jurisdictions have of free trade or freer trade with the United States.

I want to make it absolutely clear we prefer trading relationships on an east-west basis. If we aren't allowed into those east-west markets in Canada, then we have no choices left. Our manufacturers are forced to be locked into the next logical market, which is a north-south one, into the United States.

Mr. Hall: Regretfully, it is not only in industry that happens. Look at agriculture and food and national marketing agencies with their quotas at the provincial borders. It's everywhere.

Hon. Mr. Grossman: That's right. All I say is, given we haven't a large market on which to work, Canada has not even done a

good job in marshalling our own purchasing strength, whatever value it is, to give us the base from which to work.

I say to you that in some products and in some areas, east-west, marshalling our purchasing and having a consistent national procurement policy will go a long way to helping some industries. In other industries, I want to make it clear, that won't be terribly important because for some industries and some sectors the big market is in the United States. For those industries, I, for one, advocate auto pact-type situations on a sectoral basis.

Mr. Laughren: Such a good model.

Hon. Mr. Grossman: The auto pact is not a bad model because it has created many more jobs than you and your leader have acknowledged and than would have been created if we didn't have an auto pact. Just to remind the member for Nickel Belt, his party is now on record as saying the auto pact should not be renegotiated.

Mr. Laughren: Are you going to get us a fair share under it?

Hon. Mr. Grossman: Opening up markets and getting freer access to 250 million people in the United States in selected industries, I think, is the way we should go.

Mr. Laughren: Do you think it should be renegotiated?

Hon. Mr. Grossman: You do not?

Mr. Laughren: I said you.

Hon. Mr. Grossman: I take that—

Mr. Laughren: No. I'm asking you. Do you think the auto pact should be renegotiated?

Hon. Mr. Grossman: I think we can do better under the current auto pact than we're currently doing. I agree with your leader and every other political leader that now is not the time to open up the auto pact.

I do want to talk about procurement policy a bit more because it has been raised by your party and by Mr. di Santo. For example, Mr. di Santo, suggests that in one industry a 76 per cent procurement policy should be implemented. I should begin by reminding him that only Ontario has a national Canadian preferential purchasing policy. For all its strengths and all its weaknesses, in the context of all the discussions we have about national unity, Ontario is the only province that has a national procurement policy, giving preference to Canadian-made goods, not Ontario-made goods.

I should add that we're looking at that situation right now.

Mr. Hall: What are the cogent points of that policy?

Hon. Mr. Grossman: We're doing a study now, together with management board, to try to analyse the effectiveness of our purchasing policy because I am concerned it may not be effective enough.

[11:45]

What does disturb me equally is the suggestion I hear across the floor from time to time that all we need to do is move to a 40 per cent procurement policy and that will solve the problem. What concerns me about that, is that in some industries 40 per cent procurement won't be enough; in other industries, 40 per cent will be a straight gift. Those who carry on objections particularly to grant programs should think for a moment whether if we have a 40 per cent preferential purchasing policy, we aren't giving a direct grant on a non-selective basis to very many firms that either don't need or can't make use of that preference. It is, after all, a policy which says the taxpayers of this province will pay 40 per cent across the board, without questioning the expertise or assessing the need for paying that extra amount in that particular industry or that particular firm. Just think of it—40 per cent more for a good simply because it's made in Canada.

Let me be absolutely clear about that because I don't want anyone to be able to excerpt one or two sentences out of Hansard without getting my complete thoughts on this.

Mr. Hall: You'll get it straight with all these reporters too.

Hon. Mr. Grossman: If there are circumstances in which on an industry basis the payment of a 40 per cent to 76 per cent procurement would be useful and a wise investment of taxpayers' dollars in that particular industry, I'd like to know about it and we ought to look at it.

Mr. Hall: To get it straight, there has been a selectivity. I don't think anybody suggested 40 per cent across the board.

Hon. Mr. Grossman: I think you'll have to read back in Hansard. I think your leader, in that paper, which he calls industrial strategy, was advocating a 40 per cent preferential purchasing—

Mr. Hall: Up to.

Hon. Mr. Grossman: Up to; but it's across the board.

Mr. Hall: Up to 40 per cent in selected industries.

Hon. Mr. Grossman: Now we're different I'm glad you clarified it. I look forward to receiving from you, Mr. Hall, or through your leader, an analysis of the industries in which Mr. Smith would pay 40 per cent, in which he would pay 30 per cent and in which he would pay nothing.

Mr. Hall: That's no problem at all. If you give us your staff, we'll certainly do that quickly.

Hon. Mr. Grossman: You concluded without my staff that you should pay up to 40 per cent. I have every confidence in Jane Shapiro that she can do that for you. I'd be happy to have her working for me.

The point I'm making is, whether we're talking about 76 per cent in the electronics industry, zero per cent in another industry, or 10 per cent in another industry, what we have to do is analyse it on a very careful basis.

One of the things I would say to you, Ross, is that one of the things you sometimes end up doing is saying to yourself, "Here's an industry which is Ontario-based—the electronics industry being one—and in that industry one would conclude that we should pay a much higher preference for that industry than should the taxpayers pay in another sector."

I also have to tell you that the logical outcome of that is Ontario would end up paying a larger preference for those industries that are located in Ontario than for those that aren't located in Ontario. That hardly speaks to the broad national policies that we've been trying to address.

I don't have all the answers to all these problems. And I do acknowledge we've got to have a more effective procurement policy. I want to make that absolutely clear. That's why we have a study going on.

It's the first time in many years that there's been that sort of study going on. We're currently looking at broadening it once again so that some time next year we will be in a position to address the entire issue head on and in a useful way. There's no question about it—

Mr. Hall: I think the procurement policy should be national. That would be one of the points I would expect you to make at your first ministers' conference.

Hon. Mr. Grossman: I don't think there's any difference.

Mr. Hall: We both made that point.

Hon. Mr. Grossman: We made that at the last first ministers' conference, Ross. We are well out of our district on that subject. What

we are saying is, the suggestion about across-the board preferential purchasing power, with large dollars—and they really are large dollars—has to be thought out very carefully.

One of the reasons we went to a very selective program in the Employment Development Fund was that to use \$200 million of the taxpayers' dollars really required us to make careful judgement with regard to which firms within sectors—not just which sectors, but which firms within sectors—could really make use of that grant from the taxpayers' pockets.

Preferential procurement policies are, after all, the taxpayers of Ontario saying, "We will pay more in taxes to support your industry." They could buy those goods, in many instances, less expensively if they bought the imported goods. So the taxpayers of this province, in spite of your party's objections to grants, are, through preferential purchasing policies, making grants to firms throughout this province.

When the taxpayers are asked to make a grant to firms then yes, it is incumbent upon us to do it on a careful and selective basis. Procurement policies, by their very nature, are industry-wide.

I guess the point is that if you're going to go to industry-wide preferential purchasing policies of fairly major proportions—30 or 40 per cent—then you are advocating widespread grants of the taxpayers' dollars to firms within industries. I have to tell you—it's no secret to anyone—some firms in any industry are not meritorious of getting that extra money and will not benefit from it. Some of that money will be going to prop up inefficient firms within industry.

One of the things I can say about the Employment Development Fund is that it doesn't go to specific firms within industries where those firms are inefficient and shouldn't be getting that assistance. I just urge upon you, in thinking once again about procurement policies, to get a full picture, as we're trying to draw—we'll be pleased to share some of this information with you—on the implications of a procurement policy.

You're quite right: Governments have to do a better job in their procurement policies. We must do a better job.

Mr. Hall: Certainly we included corporate behaviour as one of our conditions.

Hon. Mr. Grossman: There's a whole range of things. All I'm saying is that if you end up with a procurement policy industry-wide, understand that notwithstanding your party's very severe objections to taxpayers' grants to firms, a procurement policy of major pro-

portions on an industry-wide basis is not only a direct taxpayers' grant to a firm, but is also doing it on a nonselective basis and therefore is less dollar-efficient.

Mr. Hall: Are you saying the present 10 per cent is the right amount then? Your arguments could go against 10 per cent. What do you think is the right amount?

Hon. Mr. Grossman: I'm saying very simply that I'm not sure that 10 per cent is the right amount. We're looking at it and trying to decide whether it should be more in some industries and less in some industries. I do think we have to have preferential purchasing policies.

Mr. Hall: You've stressed the grant as a more economical way for the taxpayer than an extensive procurement protection level. At the same time, do you see any downside risk, some motivational turnoff by some getting grants and saying that the way to go now with a business is first of all to apply to the government for a grant? What about that aspect of it?

Hon. Mr. Grossman: I do have that figure, which we'll have by the time we get to a later stage in the estimates.

If you look at the numbers of firms that have expanded in Ontario in the last year and the number of firms that have approached the EDF, you'll find there's a small but important proportion of firms that are coming to the EDF for that assistance.

I think you'll also find that the General Motors case is a perfect example where some—I don't want to specify who—have suggested that firms, once we start the EDF, will only expand here if they get a government grant. In fact, the evidence is quite the contrary. There are all sorts of firms, including GM, that are expanding here without one iota of government grant money. Very many of those firms—the vast majority of them—have not even approached government for assistance.

Mr. di Santo: I'd like to make a brief comment. I don't think anyone here has suggested that the procurement policy should ever be a fixed rate across the board. When I mentioned 76 per cent, I did not say this was our position or this was what we had advocated. I said this was a study prepared for the Department of Communications, national telecommunications branch, industrial services division, the Department of Industry, Trade and Commerce, and the Ministry of State for Science and Technology. It gives an economic justification of what premium is acceptable in the electronics industry.

What we are suggesting is that we take a personal approach and examine it case by case. Have you done, or are you thinking of doing, any general study like this one in order to have an economic justification for a premium in respect of industry so that when you have a general procurement policy you know exactly what figures to use? Then you won't have to ask the opposition, "Why don't you figure out what's the right figure?"

I want to make another brief point. You mentioned the September exports. If you looked at the Ontario economic accounts for the second quarter of 1979, I think you'd find we had a net decrease of 1.4 per cent in exports of goods and services. You cannot take one month in isolation, and mix in the apples and oranges to prove that our economic performance is good.

Hon. Mr. Grossman: On the first point you raised, may I say that, yes, we are doing studies; we have industry-sector branches, within my policy and priorities division, doing studies—always doing studies—in each sector. They are applying their talents—and they are great talents—to these issues. We'll have a better handle on the net cost of some of these policies.

Mr. di Santo: When? Do you have any idea when the studies will be completed?

Hon. Mr. Grossman: We've got a major assessment of procurement policies under way on all sorts of fronts, and it will be completed in the coming year.

I won't apologize, I'm afraid, for asking opposition members who talk about increasing our procurement figures preference from 10 per cent to 30 or 40 per cent, if they have the figures with regard to what that will cost the taxpayers of this province. I would hope they would have addressed themselves to what the implications of that policy are for the taxpayers. We are doing that.

Opposition parties—your party may take the position that you don't care what the cost is to the taxpayer.

Mr. di Santo: I never said that.

Hon. Mr. Grossman: If you take the position that you don't care, then I think it's a fair question for me to say to you—

Mr. di Santo: What kind of nonsense is that? I never said that. What we are saying is, if we adopted the procurement policies, that means we agree—all of us—that the procurement policy has general effects on the economy of the province—for the taxpayers and for the citizens of the province. If we have a procurement policy, we will stimulate the economy, we will create jobs, we will

increase the demand and we will help the economic growth of the province.

We never said we are against it. If you're saying that to give 20 or 30 per cent of taxpayers' money is not justifiable, then it's not justifiable to give 10 per cent or five per cent of the money.

Hon. Mr. Grossman: I don't want to prolong this all morning, but I know you were listening carefully, and I know you know I didn't say it is never justifiable to give 10 or 30 or 40 per cent. To confirm, so you can't go around the province saying I said something I didn't say—

Mr. Laughren: You do that to him.

Mr. Wildman: Tit for tat.

Hon. Mr. Grossman: I simply said in some instances you're going to find that a 40 per cent preference, which is tantamount to a grant, is not useful and in fact is wasteful to some companies.

Mr. di Santo: We agree with that. Nobody disagrees.

Hon. Mr. Grossman: Hold on a second. I also said that in other instances I, for one, believe it will be very helpful, and that we should be willing to do it where we can prove, on a cost-benefit analysis, that it will be helpful. I want to make that clear.

I also want to make it clear that, like everyone in this room and all parties, I agree with the need for good, strong procurement policies.

Mr. di Santo: That's not what you said before.

Hon. Mr. Grossman: That's absolutely a distortion and wrong. If you want to prove I'm wrong, just get Hansard and prove that I'm wrong.

Mr. di Santo: I will, tomorrow morning.
[12:00]

Mr. Samis: Can I ask for clarification, Mr. Chairman? The member talks about procurement policies, and the minister talks about how Ontario has such a national outlook. The obvious implication is that the other provinces—I am sure he is implying Quebec particularly—but that the others as well are extremely parochial.

Since the minister can tell us what Ontario has been advocating, and since he has interprovincial meetings with his confreres in the other provinces, surely he could tell the committee exactly what the other provinces are saying in terms of national versus provincial procurement policies and priorities. Surely he could tell us, for example, what Alberta, British Columbia and Saskatchewan are saying.

Hon. Mr. Grossman: I can tell you that no other province, to this point, has indicated that it is willing to go to a 10 per cent Canadian preferential purchasing policy.

Mr. Samis: What are they saying? That is what I would like you to speak to.

Hon. Mr. Grossman: I can take you through the various schemes. Many of them have two-tier schemes—I think Quebec's currently is approximately five per cent for the Canadian component and five per cent for the Quebec component.

Mr. Samis: Could I ask, in the interest of time, if you could supply us with written material on what the other provinces have proposed?

Hon. Mr. Grossman: Sure, we have that. I can tell you, so you won't misunderstand what I am saying, at the present time they have policies none of which are Canadian or nationally based. With regard to what they are proposing, I can only tell you no province has indicated so far that it is willing to move off of its current position.

Mr. Samis: I look forward to the material, but I think that if you went out west or down east, your implication that Ontario is the only province which thinks nationally would be seen in a very different light because of the whole structure of Canadian manufacture. As I say, I would like to see exactly what they have said.

Hon. Mr. Grossman: I can tell you that what they have said to this point in time is that they are not prepared to change their current procurement policies. I can add an analysis of their current procurement policies to that.

Mr. Samis: Thank you. I would appreciate it.

Hon. Mr. Grossman: I want to move back to some of Mr. Hall's remarks. He talked about the investment dollar going west and of our concern about it. There are investment dollars going west, to the extent to which those are dollars following the new economic activity. There is nothing that can be done about it because, in point of fact, a lot of the dollars that are going are dollars that would otherwise sit here, uninvested. Those dollars traditionally are where the market is; they are logical market responses to a lot of the investment that is going on there. While we do everything we can here to boost our construction industry, some architects and some skilled construction workers are going where their skills are

needed—and that is not automatically an unhealthy thing to occur.

Mr. Hall: It is still a free country.

Hon. Mr. Grossman: I would rather have them working in Alberta than not working in Ontario. It isn't necessarily true that there is going to be the level of construction and engineering activity here that you see in Alberta, but there are very logical, unavoidable and indeed happy reasons that you do find them somewhere in this country; that could and should benefit us as a nation.

What we are saying is that we draw the line very clearly, and I want to tell you where we draw the line. We draw the line at the point at which Alberta says that, in order to do business out there, in order to participate in some of the large capital projects out there, you must move your firm out of Ontario. That is where I draw the line.

If it is a movement by a firm which logically must be near the project it is servicing, then that is a market response. Nothing is going to change that.

Mr. Hall: Is the first occurring, though? It has been stated and denied. How do you feel about that? What is the real truth about that?

Hon. Mr. Grossman: We are looking very closely at it. There are some rumblings out there that that is what is occurring.

Mr. Hall: You have a lot to talk to Mr. Lougheed about, haven't you?

Hon. Mr. Grossman: I have talked to Mr. Planche, who made those alleged remarks and then denied them; then later someone alleged and made those remarks again. I am going to be speaking with them further, but this certainly will be one point we will press at the first ministers' conference. It is a point I have raised vigorously with my counterparts in Ottawa, both in writing and in my personal visits there, as recently as Monday of this week, saying that if Alberta or any other province in any way requires that a firm move there from whatever province as a term of doing business in that province, then it seems to me that is totally against everything Canada stands for. It is one of those things which breaks down what a country is all about.

All those who continue to procure on those kinds of policies and then decry free trade or people who look to the United States as a logical trading partner, are trying to spit and wrestle at the same time. They have to get some measure of what a country is all about: as the Premier would put it,

whether we are nation-building or province-building.

I am totally opposed to any policies which require a move in order to carry on business; they know that. To date we haven't been able to pin down an instance of where it has occurred, but I have heard some rumours and have got some stories about where it has been attempted. If we can pin any of those down, you will certainly hear about it.

Mr. Riddell: Having said all that, what can you do about it? If Lougheed continues to take the same firm stand that he does on oil prices and says, "Tough, any way we can of getting an industry attracted here, we are going to do it," what can you do about it?

Hon. Mr. Grossman: That is obviously, I think, the key test of national leadership: whether there is a strong national government willing to keep this country together.

Mr. Hall: It is my opinion, Mr. Minister, that has been the case, a giving away of the national purpose to regions and provinces. There is obviously, so far, not much sympathy for Ontario's nationalistic feelings. They may claim they are acting in a Canadian manner when they say that; what we perceive to be their provincialism, they perceive to be our provincialism.

It seems to me the message has to go to Ottawa, very clearly. If it can't be done there, then you are casting your pearls on pretty stony ground by head-to-head conversations with specific provinces.

Hon. Mr. Grossman: I presume you agree the only way to solve that problem is with a strong national government prepared to meet those issues head on. We, as a province, have taken that fight and that message both to Ottawa and to other provincial capitals and have carried it as strongly and as forcefully as any issue has been carried by this government for quite some time.

Mr. Hall: This was a promise of May 22, though: a new confederation, a welding together of a nation that was pulled apart. So far it has been a giveaway—just the reverse of that.

Hon. Mr. Grossman: I am here today to review my spending estimates—not Joe Clark's promises.

Mr. Hall: I know the rules, but it is our obligation to fortify you and to give you backbone on your pilgrimages to Ottawa to make these points on behalf of all these people in Ontario.

Hon. Mr. Grossman: So far we have built up a pretty strong, though not entirely successful, case. May I just finish my comments by saying that those are terribly fundamental issues; we have carried them to the capitals of the other provinces. I don't want to pretend to you that there is not some regional jealousy or some historical reasons why the west isn't going to identify this as anything but regionalism—our own parochialism. But I argue strongly, and I think the Premier has argued strongly.

We have a track record, through equalization payments and through our preferential purchasing policy, which has been in place now for six years. We have a track record on those things, although they are not as visible as some of the other things. Ten per cent of the population of Canada probably has never heard the words equalization payments, let alone understand them, or know the degree to which Ontario has made those equalization payments. There aren't a lot of people who are aware that Ontario consumers of gasoline paid more in the early 1960s than they would otherwise have had to pay in order to allow some of the exploration and research and development to occur in Alberta so that they can have the riches they are enjoying now. That's life, and we understand those difficulties—

Mr. Hall: For many reasons our uranium industry was nationalized a long time ago without our co-operation.

Hon. Mr. Grossman: Some of those are things I was rather pessimistic we would ever have succeeded in explaining to the Canadian people at large. We have to understand that's our point of beginning. To pretend we can put on a halo, and say everyone else should understand we've made these equalization payments and we haven't been parochial, is to ignore the perception.

We have understood that the perception is out there, and that's why we have gone to places like Calgary and carried the message to all parts of this country. It is a difficult job, because we are a consuming province that is going to end up paying more in terms of energy, and right now the economic activity luring industries out of Ontario is occurring in Alberta. Of course, it looks like that. But I think we were aware of that for some time.

Mr. Hall: It's pretty tough in British Columbia, too; the antipathy out there is just unreal, it seems to me.

Hon. Mr. Grossman: Of course it is, and we understand that; we're not ignoring it, though. We also understand, I think, that we

needn't take second place to any other government in this country in terms of saying that Ontarians begin from a better base in terms of our contribution to the national economic wellbeing of this country than any other government. To be fair, it's not the government it's the taxpayers and the citizens of Ontario who begin with cleaner hands than any group of taxpayers throughout this country. That being the case doesn't make the perception any—

Mr. Hall: Is part of your case a willingness and desire to repatriate the constitution and discuss all these economic terms from a point of a fresh start, a new deal? You aren't going to have to deal on a basis of logic. You'll never convince any of those provinces on the basis of what a good guy Ontario has been in the past.

Hon. Mr. Grossman: I don't know. I thought we were trying logic on the energy price situation. Logic didn't seem to go too well.

I want to turn now to some of Mr. di Santo's remarks—

Mr. Samis: I just have one quickie question. Since we are talking about the problems of luring industries and the role of government in that whole process, I want to inject a bipartisan note into this.

Mr. Eakins: Did you say nonpartisan?

Mr. Samis: Bipartisan. I would just be curious if you would agree with the quotes in the Wall Street Journal of June 8, 1979, by Richard Kelly.

Hon. Mr. Grossman: One of your bibles.

Mr. Samis: Right, we read many bibles.

"I think the free enterprise system is absolutely too important to be left to the voluntary action of the marketplace." I wonder if you agree with that.

Hon. Mr. Grossman: That's like saying socialism is too important to be left to the NDP.

Mr. Samis: Oh now, you're getting partisan. You see, I try to be bipartisan.

Ross, that's the problem with the constitution and restructuring the country right there.

Hon. Mr. Grossman: Turning to Mr. di Santo's comments, I am not going to belabour the much belaboured early points he made about branch-plant economies. My remarks in the House and my public statements, as well as those of the Treasurer, the Premier and others, have set out well our position on that. If Mr. di Santo wants to take the estimates time to retread that territory, then I would be happy to do that.

I do want to say that I didn't quite get the message as to whether he was saying we should or should not continue to trade with the United States or what his perception of that market was. Perhaps he might help me with that a bit.

[12:15]

I do want to deal with his comments about Japan. The implication in terms of the Japanese situation was that he hoped I might have learned something from my visit to Japan. I don't know if the member has been there or not—

Mr. Samis: Yes, he has.

Hon. Mr. Grossman: —but I can tell you we learned quite a bit there. We also did quite a bit of work before we went there. My deputy minister lived in Japan for a year and is very familiar with the Japanese situation.

Lest we didn't clarify the purpose of my oncoming visit to Japan, may I say it is a very specific mission. When the political situation clarifies itself over the next couple of months, I will be going there for one purpose and one purpose only. It is not on a generalized trade mission; it is not to take a group of Canadian businessmen who desire to do business across a wide range of products. I am going to sell Candu.

I am going to sell Candu because, as a result of some federal initiatives there and partly as a result of our efforts there last year as well as the Premier's efforts there earlier, we have got the Ministry of International Trade and Industry in Japan in favour of purchasing Candu. There are other things that are coming into it, in that there is a desire there to get away from that decision made by the Minister of International Trade and Industry in Japan and to support other proposals which would cut Candu out of the market which they would ordinarily have in Japan.

I was scheduled to go there the last week in October because we understood at that time the final decision on Candu would be made some time in November. Because of the elections and the near loss by the Prime Minister there, we deferred it; we were told the decision would not be made until the situation straightened itself out there politically early next year.

That is an example of the kinds of things Canada has got to do better. Selling Candu hasn't been well done. I am most unhappy about it, as I said in my opening remarks. We in Ontario are prepared to take the initiative to go into those markets and market Candu more effectively than has been done

by AECL and the federal government until this time.

One of the things we do understand about Japan, and I thought I had made this clear in my opening statements, is that the trading of our resources for its manufactured goods is unacceptable, and I think we ought to treat our potential for selling Candu as part of the entire trade picture.

When Japan tells us it is interested and willing to purchase more of our manufactured goods rather than only natural resources, then I say to the Japanese that the purchase of Candu is a visible, important and fundamental signal to us as regards how serious they are in making those statements.

We are going to play that rather stiff card with them. We are going to get that message to them. I know we have already got that message to them, and I hope, that is part of the deliberations they are going through.

I should tell you our visit was scheduled to be a one-day visit. Our current intention is to go there on a Sunday, and be back here on a Wednesday, to deliver the direct message. We took great pains to deliver that message to Japanese journalists when they were here a couple of months ago and I spent an hour with them. We delivered some of these messages to all the Japanese representatives here.

I can assure the member that the purpose of our continuing attention to Japan is contingent upon Candu. That's what we are going for. We are going to make the case to them that that is an important signal to us with regard to whether or not we are going to see a change in our trading relationships.

I know the member is concerned about de Havilland. He has a lot of workers at de Havilland in his riding.

Mr. di Santo: Excuse me. Before you go ahead, the comment I want to make is that when you went to Japan the aim of your trip was to attract more foreign investments to Ontario. As far as I remember from your speeches, I don't think you set out any stipulations or criteria for investment in Ontario. We aren't saying that we are looking to attract high-technology and export-oriented industries, if I am not wrong. I told you in my initial remarks what the stipulations are for investments in Japan. Can you tell me if there was any result as far as the second—

Hon. Mr. Grossman: It's easy for you to set out the figures and the policies that Japan had until recently with regard to foreign investment. What you neglect out of the history is the fact that the United

States of America poured literally billions of dollars into the Japanese economy from 1945 until about 1965, which made it very easy for Japan to have a policy such as that which on the surface excluded foreign investment that otherwise would have been very badly needed to build up their economy. The reason it wasn't needed to build up their economy was that the Americans were pumping billions and billions of dollars into their economy.

If William Miller in the United States were to write me out a cheque for many billions of dollars which I could use as I wished to rebuild industry in Ontario, let alone Canada, then Canada at that time would be able to say we have no need for any foreign investment dollars. Unfortunately, that isn't about to occur. To put the Japanese experience and our experience in perspective, you must deal with it in view of that post-war experience.

When we were over there we did seek Japanese investment, and I'll tell you why. We homed in on two sectors, the automotive assembly sector and the auto parts sector. I made a very lengthy presentation to the 26 leading members of the Japanese auto parts association, JAPIA. The purpose of that was to lay out for them the things we are prepared to do to get them to come here, the types of things we wanted to see them do here and the types of things we expected from them when they came here.

The reason we were so anxious to do that is that clearly, as a result of American pressure, there are going to be massive Japanese automotive investments in the United States. The car assembly people are going to be opening up plants in the United States.

We made the approach to the automotive manufacturers. I had dinner with the chief executive officers of Honda, Nissan and Toyota, and we urged upon them the importance of making sure that one or two of the very many assembly operations—the 12 or 14 auto assembly operations that Japan is going to put in North America—ought to come to Ontario.

Importantly, the Japanese auto assembly industry is very closely integrated with its auto parts industry. There's a very close relationship between them. The point we were making was that we know, whether the assemblies opt for Ontario or not, they will certainly opt for a lot of assembly plants in the northeastern and midwestern United States—in the Michigan area, Pennsylvania, Ohio and so on.

We wanted to let them know the strength of our current auto parts industry here, the excellent transportation links we have, the terrific energy situation we have in terms of electrical energy—the accessibility, reliability and low cost of that electrical energy—the excellent work force we have here and the things that we as a government are prepared to do to get those auto parts firms here.

The assemblies, if and when they locate in Pennsylvania or wherever, will have their sister companies, their suppliers—the auto parts firms—locate in Ontario.

I hope you will agree with that thrust, although I understand your traditional view on foreign investment. If we fail to attract those auto parts firms, we will see a worsening in our auto trade deficit. Conversely, if we attract those auto parts firms, they will be supplying one plant and one plant only, and that will be in the United States. We will attract those industries; we will have them here. They will be exporting incredible numbers of products—many hundreds of millions of dollars' worth of products—to plants located in the United States.

I want to say to you that if it is necessary for us to make grants available to some of those firms, I will consider that because I don't think we can forever go around saying we want to do something about our auto trade deficit and then sit blindly by while the Japanese firms now are at the decision-making time in terms of where they are going to locate those assembly and auto parts firms in the United States.

For those reasons, when the time comes for those firms to locate, I hope you will be supportive of that foreign investment in this country, because it's one of the ways in which we can ensure we improve our balance of payments in the auto sector. If we don't, the cars assembled in the United States are going to come here, and that is going to worsen our trade deficit.

Mr. di Santo: If I may respond briefly to that, I think what the minister just said confirms the statement I made before, that the government is content with having any kind of investment as long as it produces jobs. If the minister and his staff had bothered to ask the executive vice-president of Honda, whom he met in Japan, why they are moving all the assembly lines outside Japan—in fact, by the end of the 1980s the Japanese are projecting to retain only the research and development and design in Japan and to move the assembly lines elsewhere—he would realize there is an economic design behind that decision, which means

that Japan is taking the route of a modern, industrialized nation.

For you to say you are going to give grants to help Japan in that design is going to put Ontario in a much more dependent position than it is now in exchange for a few jobs. That was what I said in my initial remarks, which you failed to understand. You don't have a strategy for Ontario and for Canada. You are not taking the route of an industrial nation.

Hon. Mr. Grossman: With respect, I don't understand what you are suggesting our strategy ought to be. I want to assure you, if we give any grants it will only be to firms which absolutely need those grants to tilt the decision in favour of Ontario. I am convinced, having spent a great deal of time with the Japanese auto parts people—I don't know if you have spent any time with them—that many of them will locate here without any government assistance. I am absolutely convinced they think Ontario is a good and important place to do business and will locate here without government assistance.

I think a strategy involves providing those firms with something that is crucial to many of those firms; to take an example, an adequate and secure supply of electrical energy. I have to tell you, among the top two or three things those firms look at is precisely the availability and cost of that energy.

I don't want to debate energy matters with you today, but I must say I'm very proud to be able to go to these countries and to present, as part of Ontario's investment strategy, the secure and inexpensive supply of electrical energy for the next 20 years. That is something this government can and

should take credit for. You want to go in the opposite direction. You are concerned about overbuilding our electrical energy system and about building more nuclear plants here. I understand why you take those positions.

I also have to tell you that in any position you might take with regard to the deficiencies of our industrial investment strategy, you must understand that availability of electrical energy, just to take one point, is an important part of our industrial strategy and an important part of our investment strategy. It's very important to those people. Without it, which is something you try to undercut, we wouldn't have that strategy.

Mr. Eakins: Mr. Chairman, just before we adjourn, now that we've had the opening statements and the minister's reply, I'd like to suggest that when we get into the various votes, we stick to them so that we have equal opportunity on all the votes to discuss the merits of a particular vote rather than spending all the time on the wide-ranging first vote and not getting into the other areas.

Mr. Chairman: I couldn't agree with you more.

Hon. Mr. Grossman: Mr. Chairman, may I say I think if you analyse the responses, you'll find I rarely interrupted any of the responses the opposition members made. I gave, and I think the chair gave, the opposition critics the opportunity to interrupt me at various stages.

Mr. Eakins: I have no complaints. I'm just suggesting when we get into each vote that we stick to it.

The committee adjourned at 12:31 p.m.

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Legislature of Ontario Debates

Official Report (Hansard)

Resources Development Committee

Estimates, Ministry of Industry and Tourism



Third Session, 31st Parliament

Thursday, November 22, 1979

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

THURSDAY, NOVEMBER 22, 1979

The committee met at 8:08 p.m. in committee room 1.

ESTIMATES, MINISTRY OF INDUSTRY AND TOURISM

(continued)

Mr. Chairman: All parties are represented; so we'll start proceedings. Mr. Grossman has some answers he wants to deal with.

Hon. Mr. Grossman: At least they're what consider to be answers. I want to deal first with the de Havilland situation.

We are very sensitive to the de Havilland situation. We've made it pretty clear that we're going to be sensitive to the type of buyer that comes along, and our views have been made clear to the federal government that any buyer that comes along has to be Canadian and has to be the type of Canadian who has the same long-term goals as the member and I would both share for the future of de Havilland.

We are very aware of the new aircraft de Havilland has developed, and they are coming to see me in the next week or so. They're coming to see me and two of my colleagues to see what assistance we can provide them. I can assure you we will be providing whatever marketing, sales and other assistance they may request of us. That would be the case whether they continue under present ownership or are privatized.

I would like to respond to your direct question as to whether I would appeal to Mr. Stevens not to sell de Havilland. If de Havilland is sold to people who run the firm in a good and businesslike fashion—one that retains the jobs, keeps it a profitable organization and continues to sell and develop new aircraft—then the net effect will be that it will have created a pool of money which the federal government will have in its hands to use in endeavours and enterprises which might need that kind of assistance. At the moment, de Havilland, being a profitable and healthy company, it may not need that money.

I would have some concerns about the sale of de Havilland but, on the other hand, it frees up funds out of a profitable enterprise, where the government perhaps can

safely get out—perhaps depending on the purchaser—government then has more ability to help more people get jobs in other industry. That's probably not a bad thing for governments to do.

If the sale were to the wrong type of purchaser, that would be a terrible mistake. I can assure you we will not sit quietly by if that seems to be the way it is developing.

The member also made some comment about the fact that the Alberta Heritage Savings Trust Fund was a potential purchaser for de Havilland and so on. I think if the member looks at the amount of money required to buy de Havilland, it is not an overwhelmingly large amount of money for the kinds of firms you find all over this province. There are many firms which easily have the resources to buy de Havilland. The figures they are talking about are somewhere well under \$100 million. I believe you're mistaken.

Mr. Di Santo: That's a matter of opinion.

Hon. Mr. Grossman: Well, we'll see what the ultimate purchaser pays if there is one. I simply say there are many companies around which have the capabilities of purchasing those shares.

There were two other matters raised, and on those matters, Mr. Chairman—

Mr. Di Santo: May I just ask you—

Hon. Mr. Grossman: No, I would prefer that you didn't. I intended to let you give your opening statement. I'm responding now, and we've got lots of votes.

Mr. Di Santo: Okay. I'll come back.

Hon. Mr. Grossman: That's fine. I hope you do.

There are two other matters that I thought we might take a moment on. I have asked my staff to deal with them, because they are matters that relate to things each of them respectively was handling on a day-to-day basis. I thought I would ask my deputy minister, Mr. Wilson, to answer some of Mr. Hall's questions. He can answer them by way of a presentation with regard to the elements that went into the Ford grant. I ask my deputy now to take us through some of the calculations the government went through in arriving at the Ford grant a year or so ago.

Mr. Wilson: Mr. Chairman, the Ford saga began about February 1978, when the federal government, through Mr. Horner, the Minister of Industry, Trade and Commerce at that time, in a letter to Ford, made an offer of a \$30-million unconditional federal grant to offset what Ford had identified as certain disadvantages in the location of the proposed V-6 engine plant in Windsor. At the same time, you may recall the federal government, through DREE, the Department of Regional Economic Expansion, put on the table an offer variously estimated at about \$75 million for General Motors to consider the location of an aluminum foundry in the eastern townships of Quebec.

[8:15]

Both offers were made at approximately the same time, and at that time there was consideration of an election. It was considered, in retrospect by the federal government, that it was appropriate to look at both projects, one in Quebec and one in Ontario, and for the federal government to participate in both.

We were not contacted at that point, although about six weeks later we did receive a call from the federal government asking whether we would be prepared to contribute part of the \$30 million it had already committed. The basis on which the commitment was being asked for was three for one; in other words, three federal dollars for one Ontario dollar. We were being asked to contribute \$7.5 million.

Since we knew the offer had already been made and since there was no indication from Ford to us that the project was on the front burner, there was no answer given as to whether we would or would not participate in that first \$30-million offer. The project remained on the back burner until about May 1978, when Ford began to firm up its proposal and went to see Ottawa to indicate that it had taken a good look at the project, the numbers and the alternatives, and the \$30 million was not going to be sufficient to tilt the decision in favour of Ontario.

They indicated at that time the amount necessary to tilt the decision was more like \$75 million.

Mr. Hall: This is Ford saying it?

Mr. Wilson: This is Ford approaching the federal government. At about that same time, we had a meeting with federal officials to discuss a proposal being kicked around at the officials' level only in Ottawa for a more broadly based program of assistance to major projects in the automotive industry. Numbers between \$200 million and \$400 million were

being considered for that program in total. The implication was that Ontario might be looked to for \$1 for every \$3 the federal government would be proposing.

There was a series of meetings at that time, none of which really produced a definitive position. At the same time, Ford was speaking both to us and to Ottawa about the urgency of a decision. In June, it was made known that the decision was going to be made in a matter of weeks. If an improvement—an improvement on the \$30 million the federal government had already proposed—was going to be made, that improvement had to be made known very quickly. I'm sure the honourable member will remember the flurry which occurred in the month of June when that decision was being considered.

Quite apart from the way in which the split between the federal government and the Ontario government ultimately sorted itself out, which is a story that has been fairly accurately reported in the press and, in particular, by Rod McQueen, business editor for Maclean's magazine, who did what was a very accurate description of the playing out of those events, I think your question related to whether or not the federal government and the Ontario government ultimately jointly put on the table more money than was necessary in the circumstances to tilt the decision in favour of Ontario.

Ford presented us with four factors which on subsequent analysis we were persuaded were valid factors that were the reasons for the differentials between the project proposed for Ohio and the one in Windsor.

The first factor was the opportunity to expand an existing facility in Ohio, whereas in Windsor it would have had to build what's called a greenfields plant. There was a number of capital dollars related to that difference.

Factor two was a difference in construction and land costs as between Ohio and Windsor. It was variously estimated, but on subsequent analysis the range we determined was fairly close to what Ford had calculated. Its calculations were made on the basis of detailed engineering estimates, so we could not fault that difference.

Mr. Hall: You're saying our costs were higher than they would have been in Ohio?

Mr. Wilson: Our costs were higher than in the United States, that is, straight dollars as cents for capital construction and for acquisition of land.

The third factor was the sales tax differential between Canada and Ohio. The sales tax on machinery and equipment, by a

large, was a major factor. In this facility, a large amount of the machinery and equipment being proposed would not have been exempt under the Ontario sales tax regulations and, henceforth, would suffer a penalty as a result of those extra taxes.

The fourth factor was the benefits which were being proposed or offered by Ohio. Those benefits took the form of infrastructure kinds of assistance and certain local taxation advantages in Ohio, which they have the facility to do.

Those four factors, in Ford's mind, and the numbers they presented us with totalled approximately \$75 million in Canadian dollars. We had a detailed analysis carried out of each of those aspects of the project and we were persuaded that within a range Ford's case was not unreasonable.

The one matter in doubt, and the matter on which we had some discussion and on which, ultimately, we asked for a Clarkson Gordon and Company opinion, was the relative ongoing taxation of the operating income and investment tax credits that would accrue in the two jurisdictions. In other words, we were concerned that although capital costs and those various other components would be higher in Ontario, there might be taxation advantages accruing to Ford that might offset that.

As the result of the famous meeting at the Constellation Hotel on Friday night of the July holiday weekend, where we were presented by an official of the federal government with an analysis that suggested there were some taxation advantages which Ford had not taken into account, we spent some time ourselves trying to grapple with it and, as I say, ultimately bought and paid for an opinion from Clarkson Gordon.

They came back with an opinion that said there were a number of factors which would ultimately determine what tax would be paid, factors such as the schedule of dividends paid back to the parent or to the owners of the shares of Ford of Canada. Within a range, it's possible to determine that. That range, as I believe Clarkson Gordon ultimately determined, was something like a \$1-million disadvantage to an \$18-million advantage. That was the range within which we were talking.

That gave us and the federal government sufficient ammunition to go back to Ford and say that while we couldn't dispute their numbers on the capital costs and the advantages in terms of putting up the facility, we did have some concern about their not taking into account certain tax advantages. We couldn't precisely pin that down, because

we didn't know internally how Ford would ultimately structure the company and how the taxation advantages might be taken on board.

Mr. Hall: For purposes of such calculations and evaluations, what time frame would you insert there? Five years or 10 years?

Mr. Wilson: I believe the stream of income that was considered was about five years. It took account of the major tax advantage of accelerated depreciation in Canada. As you know, there's a faster write-off provision here than there is south of the border, and it's in the early years that that faster write-off accrues to the advantage of the company.

In any case, at the eleventh hour we went back to Ford and said we could not support the \$75-million request and that it would have to be something less than \$75 million. The bargaining then shifted to the highest levels, the meeting by Premier Davis, Prime Minister Trudeau, at that time, and Mr. Bennett. Based on advice from staff, the ultimate number agreed on was \$68 million.

Subsequent to that offer, it was by no means a certainty that that did tilt the decision. In fact, the advice we received in the weeks afterwards was it wasn't sufficient. Still in the minds of the operating Ford people was the fact there were advantages to the Ohio site in terms of interplant substitution and the location of assembly facilities where the engines to be manufactured would go, which gave them more comfort in having the facility south of the border.

There was an appeal by Ford of Canada. Mr. Bennett was very anxious to make sure that Mr. Ford himself understood not only that the economics of the two project locations were now more or less equalized, but that the issue had become a fairly high-profile issue in Canada. If Ford were to make the decision to go to the United States, even if the operating advantages in the minds of senior Ford executives might be present, or even if the economics might not shift it in favour of Canada, there were other reasons for making the decision to locate in Canada.

We're told—and this is hearsay—that as the decision was being considered officials from the United States Treasury department came to Ottawa. There was a meeting reported in the press, at which the US officials, in effect, tried to persuade the federal government and ourselves not to carry through with the offer of the \$68-million grant. They thought this kind of competitive bidding should be brought to a halt and they were proposing a truce of sorts.

The overwhelming opinion here was that a truce might be fine and that it would be in order to discuss these things, but not at the eleventh hour as a deal was pending. Had a truce been called at that time, we certainly would not have had the Ford plant in Windsor. Basically, the federal government took that decision because it had the main contacts between the US authorities and people up here.

Mr. Hall: You refer to the truce. If a truce had been entered into, your offer would not stand, but would the Ohio offer have stood?

Mr. Wilson: We don't know because the US federal authorities had no jurisdiction over that. This is a problem in arranging a truce on investment incentives with the United States, where the major incentives are in the hands of the states. Hence, the federal government doesn't really have the jurisdiction to influence that.

Nevertheless, what appears to be an important element in the final decision was an appeal by the then Secretary of the United States Treasury, Mr. Blumenthal, to Mr. Ford personally, asking him not to make the decision in favour of Canada until the matter could be clarified. We're told at that point Mr. Ford erupted and told Mr. Blumenthal it was his company and no one would tell him how to invest his money.

[8:30]

Mr. Wildman: Or taxpayers' money.

Mr. Wilson: In Ford's case, it was his money. The irony was that that was not the reaction Mr. Blumenthal thought he was going to get. It was a matter of hours between that discussion and the time Mr. Ford phoned Premier Davis and informed him the project was coming to Canada.

We've had some post-mortems on this because we were concerned about the bargaining process, whether or not we did reach the right number and whether we may have offered a grant that was in excess of what was necessary. All indications are we did not do that. As I say, there has been a fairly extensive post-mortem with Ford officials. In the final analysis, it wasn't so much the amount of the grant, whether it had been \$68 million, \$75 million, \$60 million or \$73 million; there were other factors in the final decision, given the economics were more or less equalized by the grant that we had offered, that made the decision in favour of Windsor.

Mr. Wildman: Could I ask a supplementary? Could you indicate to us if those negotiations with the American federal

authorities at the eleventh hour, in order to try to bring about some kind of a quid pro quo to prevent a bidding war, have progressed, or has nothing come of it? Has there been any further discussions between the two governments, Canada and the United States? If so, what involvement have the provincial people had in those discussions?

Mr. Wilson: There have been further discussions, but they have not been fruitful. I think there was at the time of those discussions a basic agreement between Ottawa and Washington that this kind of incentive war was not in the interest of either country and there should be ways to constrain it or halt it, if possible.

Unfortunately, as I indicated, the major players in the United States are the states and the municipalities in certain cases, and therein lies the inability of the US federal government to grab a handle on that. As far as Canada and the provinces are concerned, we've had no official discussions with the United States on the matter of incentive wars. I had one discussion with a representative of the US government, who asked whether, in principle, we would be prepared to consider a truce. I indicated the Premier, Mr. Rhodes and Mr. Grossman had been on record as saying we would be happy to arrange a truce, if we could be persuaded that it would work.

I think therein lies the problem. No one at the moment has the formula that's going to get a handle on the US states. For our side, I guess we have maintained that as long as the US states are active in this way, there are occasions when we have to respond.

Mr. Wildman: Have there been any discussions between you people and the north-eastern state governments, or do you see all of the American states as your competitors, the sun belt and so on?

Mr. Wilson: We've had informal discussions with a number of states. You may notice that regularly a number of US states are here in this province actively soliciting Ontario or Canadian firms to locate in their jurisdictions. In fact, in the Report on Business in the Globe and Mail you'll regularly see ads, most recently from New York State, but also other states over time as well, offering various kinds of incentives and inducements for firms to come south.

There has been no proposal I'm aware of that would allow us to contact all of the states to come to any kind of arrangement. In many cases the states are not only north-eastern US states, but midwestern and some southern states are active as well.

The major activity in the incentives area, however, has more recently shifted to Europe. I'm sure if you follow the financial pages, you will see the reports of incentive grants being offered by European countries, particularly to automobile manufacturers, are enormous. In one case, France is reported to have offered something in the order of \$800 million for the location of an assembly plant which was to cost in the order of \$1.3 billion. That's a much more extensive kind of bidding than we've seen in North America.

Mr. Wildman: Once you've established what you are, then you just have to discuss the price.

Mr. Hall: That's part of the negotiation. I appreciate your outlining the different steps and considerations. I suppose in the main you had to take Ford's word. You can hardly go out and corroborate, behind their back, everything they told you, but I am sure you were satisfied that you were on solid ground in doing that.

Regarding other parts of the negotiations, I have two questions. One has to do with Ottawa's \$40 million share and Ontario's \$28 million share. In that general framework the federal government had said: "What are you worried about? Quebec's going to get General Motors, and Ontario's going to get Ford; so you've each got one." At the same time, though, under the Department of Regional Economic Expansion the amount of money that was going to be put up by the federal government for the General Motors aluminum engine plant was, as I recall, much larger than \$40 million.

Notwithstanding the fact that General Motors has decided not to go ahead in Quebec, which was interesting, the fact remains that, since you were not in DREE, they picked a number, which apparently is \$40 million. Was that negotiated with the federal government by you people; was there an attempt to alter the \$28 million-to-\$40-million split?

Mr. Wilson: Yes. First of all, in response to your first comment, we did check all aspects of the figures of the Ford proposal. We had engineers examine the capital cost estimates. We did what I considered to be a fairly detailed examination of the Ford deal.

There was no formula, ultimately, that applied to how the \$40 million-\$28 million split was arrived at. Initially we had been under the impression, as a result of the original federal proposal, that a three-for-one split was going to be the way it worked. After the \$75-million request came in, the federal government altered its position dra-

matically and indicated that the best it felt it could do was split the \$75 million 50-50 with the Ontario government.

The cabinet at that time did not feel that was an appropriate split and would not support that, but it was willing to consider a two-for-one split provided the federal government would extend a program to other projects on the same basis; that is, an amount of money would be made available for the automotive industry for these kinds of projects on a two-for-one basis, the federal government \$2 and Ontario \$1.

That again was not acceptable. When we came down to the lower number, the less than \$75 million that was ultimately determined, we had agreed in effect that we would put up \$25 million of the \$75 million on a one-for-two basis. The federal government's best position was \$37.5 million; so we had a total of \$62.5 million on the table.

In the bargaining with Ford that was done, it was agreed that \$62.5 million wouldn't be enough and that something on the order of \$68 million would have to be put on the table. As a result, Ottawa went from \$37.5 million to \$40 million; Ontario went from \$25 million to \$28 million. It was a sawoff at the final discussion in that way. There was no formula that determined the \$40 million-\$28 million split.

Mr. Hall: That's fine. Since that time you've said there's been no rationalization of this problem between the two federal governments. Indeed, the United States are able to do what they wish to do, and you don't suggest in your remarks that that is going to change very fast. You have said that the European communities are playing the same game in much larger numbers. I suggest it is a game that could be played here in Canada between provinces, because other provinces have money too.

I recall the minister felt good about the Ford deal and other grant programs that you have since put into place. You have said, amongst other things, that you want to back winners. Certainly, who wants to back losers when you are talking about large investments? Where you got into the grant business, you have tried to set out a shopping list of commitments from firms such as R and D, exports, the number of high-technology jobs, procurement of parts in Canada, subcontracting in Canada, profit reinvestment here, and Canadians in senior management positions. Were those criteria applied in the Ford transaction to the maximum extent?

Mr. Wilson: We did have detailed discussions with Ford on the trade balance effect

of the plant—in other words, the plant's contribution to net exports—and determined that there was a significant benefit there for Canada and Ontario. The numbers of jobs involved as you may recall, roughly 2,600 direct jobs, with an estimate of some 5,000 supportive or indirect jobs—was a major consideration. These would be jobs that would utilize somewhat generally higher skills than assembly-line jobs. High-technology, modern engine facilities, with large capital associated with them, tend to require higher skills in the facility than would an assembly plant. That was considered.

We discussed the research and development opportunities with Ford. We were not able at that time to persuade Ford that anything in that direction could be included in this project. Had we had more time, I guess, in the first place, and had we had more money on the table, we might have been able to persuade Ford to consider research and development facilities here.

Basically, we were presented with a project; we examined the benefits in terms of jobs, skill mix, contribution to the trade balance and the return on the taxpayers' money, namely, how quickly would Ontario get its \$28 million back in taxes. The pay-back on that was fairly interesting; it was about three years. About \$5 million would come back immediately to the provincial Treasury in sales tax on the equipment going into the plant, and the remainder of the \$28 million would come back in roughly a three-year period. In other words, the investment by the taxpayers of \$28 million would come back in three years, which we felt was not a bad payback.

Mr. Hall: What is the total value of the project?

Mr. Wilson: At the time it was roughly \$539 million Canadian. I haven't seen a recent update of the estimated capital cost. I believe it is now somewhat in excess of \$539 million as a result of inflation.

Mr. Hall: In the Star of October 5, you are quoted—they always call you Red Wilson; you have another name, do you, or is it just Red? I've touched on a thorny question here, it sounds like. At any rate, you are quoted as saying that you "are concerned that the automobile trade balance could be tipped permanently in favour of the United States because of the current restructuring of the industry to build smaller cars." This might have been in general terms, or you might have been thinking of Chrysler; I don't know. Obviously, you would not want to be building Edsels here

when the Fiestas were being built in the United States, I assume. This, of course, is understandable.
[8:45]

Everything that happened at Ford, of course, is in a positive vein with regard to—was it a V-6 engine?

Mr. Wilson: Yes, sir.

Mr. Hall: Not a smaller engine than that?

Mr. Wilson: V-6 is the plan. We don't know whether they might want to add to that facility over time. There is always a possibility they may. If, as the market is now tending, the smaller cars are going to come on more quickly than they had estimated, it is possible they may add smaller engines to that facility.

Mr. Hall: It suggests to me, though, that a V-6 engine is in the area of the medium- to full-sized car and not into the compact or semi-compact.

Mr. Wilson: I believe the V-6 at this point is still planned to be a major component—not the smallest but, as you say, the mid-size. Mid-size, however, in Ford's planning, as we understand, will be significantly smaller than mid-size now, and the V-6 will be the basic engine.

Mr. Hall: For now, that answer you have given us is very good. Thank you very much; it has been interesting.

Hon. Mr. Grossman: If I might, I would like to add to one or two of the general comments you have made. In trying to deal with stopping the incentive game, it is really frightening to look at the number of tools that can be and are being used by the United States. There is literally not an American state that doesn't have really a variety of tools at hand. Part of it is a function, I might add, of the different taxing principles there. The cities, of course, have municipal bonds which they can use to make a six or eight per cent money available to some of the firms. That in itself, quite apart from any cash grants, gives them a direct incentive. That is, after all, money for all intents and purposes in the pockets of the firms that are going in with that sort of funding.

Mr. Hall: Those are the tax-free bonds that you are referring to?

Hon. Mr. Grossman: Yes. The city can make those sort of funds available at six and eight per cent to the firms coming into those areas. There is no question about it. If you are really going to call off the incentive game, and put all jurisdictions in North America on an equal basis, then the United

States would have to stop all that; that is so much a part of their system that I cannot conceive of the federal government ever being able to fill each and every state and each and every city on side. That is just one of a number of levers they have.

We now have a four-page summary, in chart form, of all the various incentive tools used by the 50 states to lure industries. It takes all of four pages. One of the misconceptions in this thing is that all that is required is for Washington and Ottawa to sit down and say, "Let's stop giving these large one-shot cheques to the firms." What it does entail is Canada doing that and the provinces joining in; but it would also entail the federal government of the United States, the states and the cities agreeing to waive four full pages of very intricate and complex devices. That is what is involved. When we begin to see how successful some of the states have been in turning around their industrial base by using some of these tools, we begin to understand how difficult it would be to get them all on side.

Mr. Hall: You really begin to see, therefore, what boy scouts we have been, compared to the sophisticated nontariff barriers and other devices they have used to get where they are.

Hon. Mr. Grossman: That's right, but I don't read you yet as saying you think we should have been in the incentive game a lot earlier. You have been speaking against it.

Mr. Hall: No. However, the idea of tax-free bonds at a lower rate is obviously going to attract money from a certain section of our population. It is kind of interesting particularly in the face of what is going on now in our country in interest rates and the funding for expansion.

Hon. Mr. Grossman: Yes.

Mr. Hall: I would have to hope we are at least going into that with an open mind, saying: "Hey, is this possible here? Could we, through the co-operation of the federal government and a change in tax policy, move on something of this nature?" From what you say, there will always be that advantage unless we get onto the same system.

Hon. Mr. Grossman: I think the answer is, we are actively looking at all sorts of things we might do to increase our industrial lure package. I only remind you that all these things we are talking about are types of incentive grants wearing another mask that in opposition here, both your party and the NDP, has opposed.

It is important to understand what our competitors are doing; at the same time, we shouldn't get blinded by all this, because, in the face of that, we do pretty darned well. We do get a heck of a lot of firms coming in here without that assistance. What is happening with some of these state things is that, for a lot of companies, they are playing off state against state; there is an attempt by cities to play themselves off against another city. With the exception of the odd fairly large capital project, it is not a game that is affecting us dramatically.

You do get the odd case where it is a bang-on competition, and those are the instances—the only instances—in which we go selectively. It is interesting that we still get a good deal of that new investment.

Mr. Hall: You were going to respond, I believe, to the interprovincial situation in Canada.

Hon. Mr. Grossman: Yes; that's right.

Mr. Hall: In earlier years when we were so well off, DREE made more sense; but now we have our pockets too, and that application doesn't seem to work as well any more. In looking ahead, we don't want to get into this provincial competition. I would like to hear your views on what your forward plans are to avoid that.

Hon. Mr. Grossman: So far we have not been able to identify any cases in which another province has, with financial incentives, lured an industry from our province. We hear rumours from time to time. The odd time when we have received a rumour we have chased it down and found that wasn't the case. If we find that, for example some of the rumblings and musings of Mr. Bosch in Alberta are accurate and that is what happened, then I can tell you we will be down to Ottawa—and I have already made this point to Ottawa—to get them to stop that sort of thing.

I am hopeful it won't happen. That is one of the reasons I was down to see Mr. de Cotret on Monday last. I don't want to wait until we have an incident. We have no evidence of it, but we hear some rumblings; we want to let the federal government know they must be vigilant and stop that if they have any indication it is about to start.

I must say, in fairness, I have no evidence the sister provinces have started to do that. The DREE situation is one that the federal government has got to address. There is no question about it. DREE, as its territories were expanded and decisions made—in some cases for political purposes—has had its ultimate objective and *raison d'être* skewered a

little bit. I would argue it is not doing effectively the unique job it was set up to do.

When you get a situation in which there is a DREE agreement providing \$50 million for tourism for Alberta, signed a year or so ago, and we haven't got any DREE tourism dollars for Ontario—

Mr. Eakins: Fifty million dollars went to British Columbia.

Hon. Mr. Grossman: We are still fighting. No, it was \$50 million to British Columbia and \$45 million to Alberta, I think.

Mr. Hall: You feel there is something wrong when that sort of thing happens.

Hon. Mr. Grossman: That's right. We have been fighting with DREE for months now—it must be a year—on the eastern Ontario agreement.

Mr. Hall: I thought it was going to be resolved with the new government.

Hon. Mr. Grossman: We thought so too, but I must say it hasn't proven out.

Mr. Hall: Mr. Minister, I noticed an ODC mortgage loan of \$1 million to Cadbury Schweppes Powell, which is a reasonably successful firm in most of its divisions. Would that loan in any way be considered by Quebec as an unfair tool that we used to attract the manufacturing facility here, on the reverse side of the coin, if you know what I mean?

Hon. Mr. Grossman: We can deal with that specifically when we get to the ODC vote.

Mr. Hall: I appreciate that, but it is just in that context I am asking.

Hon. Mr. Grossman: Yes. In this context, may I tell you that ODC has very direct guidelines from us; that is, loans will not be made and assistance will not be given as a lure or as an incentive to move from another province. You do, of course, get a situation where a firm locates here and then is here as any other firm is; at a different point in time it may come along, as any business does in Ontario, to apply to ODC for some assistance. But there too, they are very carefully analysed to make sure that isn't the reason they are coming through the door. I have not had any complaints on that ground. They are very meticulous about it. Any time they sense there is any of that they come to see me. I thought the members would be interested.

Mr. Di Santo: I have a supplementary.

Hon. Mr. Grossman: Yes.

Mr. Di Santo: We oppose the Ford deal because, as we said at that time, this is the

wrong way to face the problems of the automobile industry in Canada, 90 per cent of which is located in Ontario. As the deputy minister said, they were faced with one project and, when you asked whether any research and development had been created, you couldn't succeed. What we are going to have is more manufacturing in Windsor, but that doesn't prevent us from being hit hard when there is a general crisis or when there is a corporate decision to move out some production as happened when Chrysler decided to move production of V-6 engines to Trenton, Michigan, from Windsor. Exactly the same thing is happening now.

Just today in the *Globe and Mail*, in relation to Chrysler, the federal government says it will try to have Chrysler locate in Windsor rather than in Trenton. I want to quote what they say: "This could again probably include some type of Ontario participation in having the plant located in the province instead of Michigan."

Once again, we will be called upon to bribe Chrysler to locate a plant in Ontario when we know that two years ago they moved a plant to Trenton and you were completely powerless. You could not do anything. You cannot deal on a case-for-case basis. I don't even think it is good enough to have just another study on the auto pact, as you announced recently. The whole program has to be faced seriously because, if we don't have technology developed in Canada, if we don't have research and development in Canada, we will keep performing in a mere service function.

You keep saying the auto pact has worked pretty well for us. Well, this year we have a deficit of \$2,223,000,000, which is half the deficit in the Ontario manufacturing sector. If you calculate how many jobs we lose because of that deficit, then it's correct to say that, by giving \$28 million to Ford or \$150 million to Chrysler, or whatever it will be, you don't solve the problem; you just aggravate it.

[9:00]

Hon. Mr. Grossman: I've listened to what you say and, frankly, your line of reasoning mystifies me. I can't understand how you can take that position when the Ford plant location here will reduce our auto deficit each year, given the new and lighter engines. That will make a \$160-million dent in our tradeout—a dent that wouldn't have occurred but for the location of that plant in this province.

I understand and agree with your suggestion that we need more research and development here and that we need more technology. I must say to the member that there are plenty of locations in the United States—if

he'll check with the UAW, they'll confirm this—where R and D is being carried on and where technology is in place—

Mr. Di Santo: In Ontario—

Hon. Mr. Grossman: Let me finish. You'll find plenty of places in the United States where R and D is being carried on, where there are massive centres of innovation, where all of the work is being done for the US cars, and in that same state or in an adjacent plant you'll find there have been similar layoffs and in some cases, in a proportional sense, greater layoffs than the layoffs we saw in Canada when the market turned down.

Somehow you give the impression that if only you have an R and D facility here, when the layoffs occur in an assembly plant, they aren't going to occur in the place that is in the same state as the R and D facility. Any analysis of those figures will show there have been quite massive layoffs in the United States whether they've had R and D facilities or not.

Let me make it clear: We need some of the R and D facilities here; they are important and we want more of them. But to suggest that, when the market turns down, you somehow have a buffer or comfy blanket to ensure that you don't have layoffs of assembly-line workers who are making those cars is, with respect, something that can't be justified.

I can't even define the sense of the logic in your argument. Often I can spot some logic in your arguments and not agree with it, but in this case I don't understand how you can suggest an R and D facility means those working on an assembly line, when there are fewer people buying that product, are not going to be laid off.

I should remind you, when you talk about the Chrysler V-6 engine plant in Windsor being closed down, people being laid off and the work being transferred to Trenton, you are mistaken. It was not a V-6 engine plant; it was an in-line or straight-six engine plant, and Chrysler consolidated those heavy, straight-six engines into their American operation in Trenton. That engine is too big to fit into the new, lighter, fuel-efficient cars, and is probably the most outdated engine save for some of the heavy V-8 engines being made today, if any are still being made in Trenton.

Two or three years ago, when Chrysler made the decision to move assembly of this bulky, far-too-heavy and large engines out of Windsor, they invested \$32 million or \$35 million in converting the Windsor plant to V-8 assembly. They thought the V-8 move was a correct one because the V engines, I

am told, are more compact. They did move to an eight.

Looking back, it was a mistake for Chrysler to invest \$35 million in any V-8 engine plant, whether it was in Windsor, Trenton or Detroit. The fact is, lest you cast the perception that Chrysler arrogantly ignored or treated Windsor unfairly, they put \$35 million into Windsor which they didn't put into Trenton. The fact is, they moved the largest and heaviest engine they were making out of Windsor, and put in there what they thought—erroneously—to be an engine with a longer life, which was a V-shaped engine assembly.

The fact that that decision turned out to be wrong should not be taken by you or anyone else to mean that Chrysler or any of the Big Three or Big Four arrogantly ignore or don't care about the Canadian workers or that we don't get our fair share.

Finally, when you talk about the auto pact, and you criticize me for saying it's worked pretty well for us, any objective analysis of the auto pact will show you that we are a lot farther ahead now than we would have been without it. We understand—just to flip back to the layoff situation now, as I've just been handed some figures—there were further layoffs announced today in the auto industry. There were very heavy layoffs in the United States and very light layoffs in Canada.

I also want to say to you that in spite of the problems with the auto pact and in spite of our continuing deficit, which gives me great cause for concern—and I told you yesterday and the day before about some of the things we were trying to do to offset that deficit—the fact is that I must presume there is an acknowledgement that we've done well by the auto pact, because your party, the Liberal Party and my party are all agreed that the auto pact should not now be reopened for renegotiation.

Mr. Di Santo: That's not the question. I never said that.

Hon. Mr. Grossman: I didn't accuse you of saying it should be reopened. I simply point out that you take the position that I'm wrong in saying the auto pact has worked pretty well for us. I presume, if something has not worked well for you, you say, "I want to renegotiate it or end it." If you've benefited from it, that's the time you say, "No, I don't think it would be too good for me to reopen that for negotiation now." That's the only reason someone says, "I don't want to renegotiate the auto pact."

In terms of employment, in 1964, the year the auto pact started, there were 74,000 Canadians employed in that industry; today

there are 125,000 Canadians employed in that industry. You may take the position that would have happened anyway. Almost any expert in the United States or Canada would disagree with you.

I think I've covered all the things I wanted to say on the auto pact.

Mr. Di Santo: The minister has completely distorted what I was saying. If he failed to understand, it's his problem. I didn't say that if we had research and development in Canada there would be no layoffs. I never said that. I said that, by bribing Ford or Chrysler, you get for Canada only production lines. You don't get research and development. You don't get technology developed in Canada. I understand that there will be layoffs anyway when there is a slump in the industry.

What I'm saying is that the Science Council of Canada calculated that we paid \$230 million to the United States for research and development last year. That's a net deficit we have, because of your policies.

Hon. Mr. Grossman: That's silly.

Mr. Wildman: What he's saying is that you're not bringing R and D into this country.

Hon. Mr. Grossman: What I have to say is that my deputy just took you through—

Mr. Di Santo: If you don't understand that, that's your problem.

Hon. Mr. Grossman: I think I'll turn back to Mr. Hall. I just want to show him something I took out of the overseas edition of Newsweek, I think it is; it's an advertising supplement that ran to about 40 pages.

Mr. Nixon: Just your name.

Hon. Mr. Grossman: It's on New York City. I could never afford this kind of thing. It goes on for about 40 pages in every overseas edition of Newsweek, and it costs tremendous amounts of money. The heading on it is, "New York City's economy makes a comeback. Foreign investment grows. City offers incentives for business." It goes on and on. I'll just read you some of it.

"The city offers a wide range of incentives and special services to business, ranging from locational studies and assistance in cutting red tape to devising intricate low-cost financing packages. The state government has eliminated the 20 per cent surcharge on general corporate tax and lowered the income tax for both earned and unearned income.

"Aside from these across-the-board cuts, special credits and abatements can further reduce the tax burdens of many companies, especially those moving into New York or expanding here. For instance, the city allows

a cost-of-moving tax credit for incoming firms that provide 10 or more jobs and a credit to offset the city sales tax on the purchase of machinery used for production. New York State, meanwhile, has increased its investment tax credit, and the federal government offers credits for rehabilitating buildings at least 20 years old, a special boon in New York," and so on.

Part of the article talks about the various jurisdictions they've attracted businesses from, with these incentive packages. Needless to say, Canada is one of the places. I thought it was an interesting article because it shows how hard-sell they are, and the numbers of tools that New York City alone is using in that direction.

Mr. Hall: It would tend to make you want to keep your eye on the Canadian market that we do have here and to maximize investment in Canada. There are some rather disturbing statistics on global foreign investment and manufacturing industries. They're talking about Canada being responsible in 1977 and 1978 for 9.4 per cent of all such global foreign investment, but at the same time being the recipient of something like four per cent, or less than half.

The suggestion is that while it's nice to see some people coming here, and we appreciate that—they're spending it on trade missions—we're seeing a substantial amount of investment out of Ontario by manufacturing plants, possibly because of the deals being offered by New York city and all these other great places.

I don't think we should lose sight of that, because the benefits in so many ways from manufacturing being kept here would seem to me to make us want to stress maximization of the capture of the Canadian market by Canadian-based industry. I'm sure you're aware that there has been this substantial investment outside, to a greater extent than that coming here.

Hon. Mr. Grossman: Those are percentages. The gross dollar figures are rising. There continues to be a good deal of foreign investment occurring here. I would remind you that some of the suggestions that the members opposite have for setting down firm and hard rules before firms can come in here and locate are exactly the types of things that inhibit the kind of investment you're now complaining we don't have enough of.

Mr. Hall: You miss my point. The concern is that Canadian money is being invested elsewhere. I'm not suggesting we stop our trade missions to try to get it to come here, but I am saying I don't like to see more Ca-

nadian money being invested abroad. I would like to see the opportunities maximized here in Canada.

Fifty-one per cent of Canada's manufacturing sales occur in Ontario. If they keep finding better places to invest than Ontario, it's obviously going to leave fewer investment dollars here of our own money, not foreign money.

[9:15]

Hon. Mr. Grossman: To get some perspective on it, I would point out a couple of things. As we get more and more large Canadian-owned firms, one of the things that happens with that success is that they begin to move into international markets. They begin to have the size and strength to compete in international markets and to expand their products into those markets. As evidence of a more developed and more mature business, you do see some of that investment occurring in other markets.

In some cases you find it as a result of some nontariff barriers that have been raised in those countries. The only way a Northern Telecom can do any business at all in some jurisdictions is to locate a facility in those jurisdictions.

Mr. Wildman: Sometimes they move their operations out of here to those jurisdictions.

Hon. Mr. Grossman: You can't give me too many examples, can you?

Mr. Wildman: Northern Telecom is a good example.

Hon. Mr. Grossman: They're only moving those facilities necessary to compete in some of the projects they want to compete in. Which is exactly the point I'm making.

The other thing we should keep in mind is that when some of our Canadian multinationals—that's a nice way to handle it—invest in other countries, lest we treat that as a total loss as opposed to keeping that money sitting here, it helps our service account. Those large, Canadian multinationals are doing to us what we complain about the Americans doing with their multinational investment here, which is taking dividend income out of those countries and getting payment for research and technology being sold to their American subsidiary. It helps our service account.

Mr. Hall: We don't want too much help of that kind, I don't think.

Hon. Mr. Grossman: No. But if any of that is occurring at the expense of expansion that could otherwise take place here, I certainly wouldn't want that. Some of these things are a logical market response to the

firm getting large and moving into some of these markets and having to move, in some cases, not solely because of nontariff barriers, but to service the product they're delivering to that market.

Mr. Hall: Cadillac-Fairview, for example, might have made a substantial investment elsewhere because it felt a little choked with the processes it has to go through to get things going here. As you perceive that investment going elsewhere, surely every morning Mr. Wilson would scan for that and say, "Why the hell did that happen?"

Hon. Mr. Grossman: My understanding of what's happened with the Cadillac-Fairviews is that they weren't running away from red tape. In fact, the Cadillac-Fairviews are still doing business here and processing whatever plans for subdivisions they still have. They moved because they saw a market. There was little point in them continuing to build here, because their units weren't selling. I can tell you that whatever lands they've got here—and, taking Cadillac as an example, they still have substantial land holdings here—they will certainly develop when the market is here.

Mr. Hall: I don't mean to be specific about Cadillac-Fairview.

Hon. Mr. Grossman: No, I know you don't.

Mr. Hall: What I mean to say is we should be looking at why they're going and whether we've done everything to make it attractive for them to be here and exploit the opportunities that exist, whether it be in that field of business or in capturing the Canadian manufacturing market.

Hon. Mr. Grossman: That's a good point. Certainly they went because of the market. When things turned down here in 1974 there was a new and different market, and they went where they could buy land and make some money. They didn't move their head offices. They didn't sell off their investments here. I'm talking about those real estate companies generally.

We should keep in mind that, when they go down, almost all of them are borrowing in the United States. They're not taking capital out of this country. Almost all of the expansion and development they're doing down there is financed from American banks in those areas. The point you make is a good one, because it indicates the need to jealously guard the business climate in this country. What happened in 1974 and 1975 was a logical outgrowth of some of the things that governments at all levels had been doing

from 1968 or 1969 on to 1973 or 1974—the inflation, massive government spending and an inconsistency in government programs. The developers are a good example.

I've always found with the development industry that you can give them all sorts of complex planning rules and all sorts of red tape, and, if they've got a good piece of land, they'll hang in there. Sure, it'll be too long, but they can play the system; they can get the land through, they can build and make money.

What happens is (a) they can't live with and are scared away from processes that are far too long and end up escalating the end price, because the consumer pays the cost of that; and (b) they can't live at all with inconsistent government policies; they have to know what the rules are. They can usually make money, given a consistent set of even complex rules, but they can't live and can't survive if they've got inconsistent government policies that are ever-changing.

Mr. Hall: They might have been scared by John White apparently buying up so much of the land in the province that they felt there wouldn't be any left for them to actively compete on.

Hon. Mr. Grossman: John White would be flattered if he thought he had that much power and influence and effect, albeit it would have been adverse. There's a whole litany of things that happen. My friends sitting over here would have put a different value on the balances that you have to make as you build up some of these laws, regulations and protective devices as against what you're doing to the business climate on the other hand.

Too often, in that period of time, governments failed to stop to measure what they were doing to the business climate, which is harder to identify than a specific issue on the side of bringing in legislation or bringing in a new rule. Over time you do something to the business climate which causes a problem.

Mr. Hall: In your role as the minister, you're the spokesman for industry and tourism, but I've often wondered about the inter-ministerial relationships you face. Your advancing of tourism runs counter to the policies of the Ministry of Transportation and Communications in advertising. It might be argued that the environmental concerns of the spills bill are going to make manufacturing industry face much higher costs.

What is your role in that? Do you do a Doctors' Hospital number and stand up and fight? Just what do you do?

Hon. Mr. Grossman: I threaten to resign every time.

Mr. Wildman: Keep on. It sure helps.

Hon. Mr. Grossman: It was just your luck I won that one.

It's an interesting question. My experience is that it basically works when the relationship between ministers is—

Interruption.

Hon. Mr. Grossman: I don't mind you choking on the answer, but don't choke on the question. Okay, let's go ahead for a while. We'll come back to it.

Mr. Wildman: I would like to follow up on one comment the minister made to my Liberal colleague, that a lot of the Canadian firms moving to the United States or to other jurisdictions are doing a great deal of their borrowing in those jurisdictions; so it isn't Canadian or Ontario capital being exported, but domestic capital they are using in those other jurisdictions. Would he agree that's also the case with multinationals that come here? When they come to invest in Ontario, they borrow on a large scale in this jurisdiction; so it is Canadian capital they are using to develop their enterprises here?

Hon. Mr. Grossman: They do a great deal of financing through Canadian banks. You're right. On the other hand, the largest source of investment capital for those multinationals is retained Canadian earnings.

Mr. Wildman: Certainly, that's close to 95 per cent of their second-time investment.

Hon. Mr. Grossman: It's helpful to note that, lest you succeed in casting the impression they take all of these profits back home—

Mr. Wildman: I never said that. I'm not saying that necessarily. I—

Hon. Mr. Grossman: Tell your friends.

Mr. Wildman: I also want to move to the other comment you made about Canadian multinationals, to repeat the term you used, which may be investing in other jurisdictions because of the market situation and so on. If you look at some of the resource industries, if you look at the record of Inco in terms of investments abroad, the benefits that would accrue to our jurisdiction from those foreign investments are quite doubtful.

Look at CPI, for instance and talk about that multinational corporation in Canada and its relationship with Algoma Steel, Steep Rock, Caland mine and Atikokan. Tell the people in Atikokan that it's to our benefit to have the multinationals operating in such a way that they wish to invest elsewhere; that

they could close down the Steep Rock operation a few months ago and tomorrow are closing Caland mine. CPI owns the majority of shares in Steep Rock, which has a lease agreement that is ending with Caland Ore, and owns a majority of shares in Algoma Steel; they are moving to their investment at Tilden mine in Michigan, and increasing the amount of ore they are bringing in from Michigan. Where they are getting 25 per cent of the ore they need from Atikokan, now they are moving to increase their imports of ore from Michigan.

Hon. Mr. Grossman: Well—

Mr. Wildman: I'm just using this example—you can use the Capreol example as well, but this example is here. You have a corporate structure where CPI basically is the one company in terms of its investments in these other companies, and there are relationships between these other companies. This really is responsible for what's happening in Atikokan.

The fact is, we have very little future for that community, and that community is being shut down even though there is ore in the bottom of that mine which has already been mined—enough ore to keep that operation going for at least a year.

The company admits there are future ore deposits that could be developed. What investment was done at Lake St. Joseph or the other possible ore bodies in that area? Because of the term so many of your colleagues in the House like to use—the bottom line—the bottom line meant they were moving into Michigan and that community is shutting down.

That's the kind of advantage we have because of the interlocking relationships and the investments made by our so-called Canadian multinationals. You are going to have a hard time persuading the people of Atikokan that's a particularly great advantage to us.

Hon. Mr. Grossman: There are all sorts of comments we could make on the special problems—you know them better than I do—of the mining industry. They are not unique to this country.

I only want to say I don't think it's any more fair to say the experience with one company, without getting into the merits or otherwise of the argument you present, in three or four communities in the north, means that all Canadian multinationals are bad.

Mr. Wildman: No, I didn't say that.

Hon. Mr. Grossman: It's the same situation you've heard me argue with regard to the odd situation—and they are odd situations—

where an American multinational folds up and goes back home. I urge you not to presume all American multinationals are insensitive.

Mr. Wildman: I just used CPI as an example of the epitome of our successful multinationals in this country and the fact that they're not closing up and going home; they're closing up and going elsewhere.

Hon. Mr. Grossman: I know you don't want to generalize and say all Canadian multinationals behave that way. I wouldn't want to generalize by saying I guess it simply proves no matter where a company is based, they don't automatically knee-jerk, pull up and go back home; they tend to move where their markets tell them they ought to be operating.

Mr. Wildman: The market is Algoma Steel in Sault Ste. Marie.

[9:30]

Hon. Mr. Grossman: I don't think they are moving because they want to move to a less competitive position. Admittedly, I'm speaking without firsthand knowledge, but I suspect they're moving, as any company does, to take ore or whatever they want to take out of the ground at a more competitive price.

While you complain about that happening, Algoma on the other hand has to remain competitive in the product they make. If they are to remain competitive, they have to get their raw materials.

Mr. Wildman: The ironic thing in all of this is that, with the devaluation of the Canadian dollar, they are in a bad spot; they're stuck with their investment in Michigan and probably wish they didn't have it.

Hon. Mr. Grossman: I can't comment on that. The fact is, whatever move they've made is obviously not a move that says, "I think I'll go to the United States because I don't like Joe Clark"—

Mr. Wildman: A lot of executives at Algoma Steel feel that way, I'm sure.

Hon. Mr. Grossman: Maybe some of the workers, but not the executives.

Mr. Wildman: No, the executives are all Liberals up there.

Hon. Mr. Grossman: Are they? Well, to hell with them. Next question?

Mr. Eakins: Mr. Chairman, on a point of clarification, please: Could you tell me—I was out of the room for 15 minutes—are we on vote 2301? Have we got to vote 2301?

Mr. Chairman: No. We've spent six and a half hours and we haven't started anything.

Mr. Eakins: Are we on administration, policy and priorities, or industry development?

Mr. Chairman: We're on vote 2301, ministry administration program; item 1, main office.

Mr. Eakins: If we're going to talk about things generally, I'd like to talk about some of the things I'm interested in, but I'd been avoiding that, because I'd like to take it by the vote, and I had hoped we would stick to individual votes.

Mr. Chairman: That's right.

On vote 2301, ministry administration program; item 1, main office:

Mr. B. Newman: Mr. Chairman, I don't know if I should discuss this under item 1; that is, has the ministry done any studies on the new robots coming into industry and what effect they're going to have as far as manpower is concerned?

Hon. Mr. Grossman: First, let me introduce Bill Ritchie, who has moved in next to Linton Wilson. Bill Ritchie is the executive director of administration. If you will repeat that question, I'll try—

Mr. B. Newman: I was talking about the new type of automated equipment that is being developed, the really sophisticated stuff quite often referred to as robots, such as they are developing in Japan, where a 750-man plant can be reduced to one requiring only 75 men, with exactly the same amount of production, everything being automated to the limit and having a very serious effect as far as manpower is concerned. It may reduce the end cost of the product, but it's going to wreak havoc with manpower.

Hon. Mr. Grossman: May I suggest that question be held over until my policy and priorities division people are up here, because that's the sort of work they would do. I don't plan to introduce any robots into the ministry administration; my policy branch could do it better.

Mr. B. Newman: I don't mind bringing it up later if I'm here. If I'm not here, I certainly would appreciate someone putting it in on the record anyway.

Hon. Mr. Grossman: We'll address it.

Mr. B. Newman: Okay.

Mr. Eakins: Part of the objectives are to co-ordinate advertising and purchasing; when you speak of advertising, is this the advertising you place in newspapers, through your agency?

Mr. Wilson: Yes.

Mr. Eakins: Is this the proper place?

Hon. Mr. Grossman: Not really.

Mr. Eakins: If it comes under another vote, I'm willing to—

Hon. Mr. Grossman: It's under another vote.

Mr. Eakins: Okay. If it's under another vote, I'll pass.

Hon. Mr. Grossman: No. We can do it here.

Mr. Eakins: I just noticed that under vote 2301 here, the objective is to co-ordinate advertising purchasing for the ministry.

Hon. Mr. Grossman: Cam McDonald, the executive director of the communications division, is joining us; perhaps you will repeat the question.

Mr. Eakins: I simply want to ask if this involves the purchasing of advertising for newspapers.

Mr. G. C. McDonald: Mr. Eakins, it involves the purchasing of advertising for all ministries of the government.

Mr. Eakins: Including an agency?

Mr. G. C. McDonald: Including.

Mr. Eakins: Through an agency?

Mr. G. C. McDonald: Yes. Through the agency of record.

Mr. Eakins: Which agency?

Mr. G. C. McDonald: The agency of record is Foster Advertising.

Mr. Eakins: What constitutes a newspaper for the placing of advertisements? What are the guidelines for setting up a newspaper and getting advertising?

Mr. G. C. McDonald: There are guidelines with regard to the ethnic publications. Did you wish to address that?

Mr. Eakins: No. Just newspapers generally.

Mr. G. C. McDonald: A newspaper is a newspaper, as Gertrude Stein might have observed.

Mr. Eakins: I could start a newspaper and ask the ministry had advertising, could I?

Mr. G. C. McDonald: It would have to undergo a media study by the advertising agency. Each ministry has its own advertising agency that would make that value judgement.

Mr. Eakins: It would have to be an accredited newspaper then. There must be some guidelines for placing of advertising.

Mr. G. C. McDonald: There are guidelines in that a publication must be listed in CARD, Canadian Advertising Rates and Data. I'd be very happy to answer your question directly if you wanted to give me a specific example.

Mr. Eakins: How do you determine the amount of advertising? I noticed that in some of the weekly newspapers you have some huge ads. Do you have a specific size that you—

Mr. G. C. McDonald: Okay. Each ministry, working with its own creative agency, determines the amount of advertising it's going to do and what budget it's going to apply against that advertising campaign to communicate a certain message to the citizens of Ontario.

The judgements as to size of the newspaper advertisement are made in consultation between the client—that is, the ministry of the government—and its creative agency, the advertising agency. Our role as the Ministry of Industry and Tourism, as the central purchasing channel, is to take that media plan and buy it. But we're not involved with the value judgements, except in our own ministry advertising in tourism, industry and the like.

Mr. Eakins: You allow a certain budget and work within that budget?

Mr. G. C. McDonald: Our ministry, at estimates, receives the budget money; then the advertising is allotted from that. That is the role of each ministry.

Mr. Eakins: Okay. That's generally the question I wanted to ask.

Mr. G. C. McDonald: I would add a postscript, if I could. Each ministry has its own budget, but we act as a purchasing agent; the value of that is we get a better rate because we're buying in the name of one buyer rather than 32 or 23 separate smaller accounts.

Mr. Eakins: Some of the advertisements seem to be very large to get your message across.

Hon. Mr. Grossman: That would be up to each ministry. It would come under each individual ministry's estimates.

Mr. Eakins: I'm thinking of the ones that say "Larry Grossman" and "Bill Davis" on them.

Mr. B. Newman: Only at elections.

Hon. Mr. Grossman: We have them up all the time—for Leo Bernier, Larry Grossman—

Mr. Eakins: I've only one other question. I appreciate the answer. I want to go to one other question under administration.

Mr. Di Santo: Can I ask a supplementary on that, Mr. Chairman?

Mr. Chairman: Okay.

Mr. Di Santo: It's about the ethnic question. Does the budget for the ethnic advertising come from your ministry, or does each ministry have its own budget?

Mr. G. C. McDonald: Both. Within the Ministry of Industry and Tourism, we have an overall program called the Government Information Communication Program. That is in addition to whatever advertising each ministry decides it should do in ethnic publications. We have a budget on behalf of all ministries, not on behalf of the Ministry of Industry and Tourism, and that is placed in all ethnic publications, which number about 90.

There is also a budget for ethnic radio program advertising and some ethnic television advertising. So it's a combination.

Mr. Di Santo: Has the budget increased or decreased this year? I've had inquiries from some people. The Canadian Jewish Press, for instance, told me their overall advertising has decreased dramatically. What is the situation with your ministry?

Mr. G. C. McDonald: The situation with Ontario and the ethnic media is that our budget for the Government Information Communication Program has remained constant for three years. We've had the same amount for three years in a row. That amount has been eroded by inflation and increased media rates. In effect, our constant dollars are buying less space today than we were three years ago. We're now addressing that problem, sir.

Mr. Di Santo: Is the minister thinking of increasing the budget for the ethnic media in view of the specific needs of those newspapers, which have small circulations and serve specific purposes?

Hon. Mr. Grossman: We are currently reviewing the situation.

Mr. Di Santo: I would like to ask another question. I would like you to clarify how you place the ads in the ethnic papers. That has never been clear to me. You mentioned Foster Advertising; but you also have a coordinator in the ministry.

Mr. G. C. McDonald: Yes.

Mr. Di Santo: Mr. Kowalski?

Mr. G. C. McDonald: No.

Mr. Di Santo: What is the relationship of Mr. Kowalski to your ministry?

Mr. G. C. McDonald: None, except that he is a consultant to Foster Advertising. There is no direct connection. There was at one time. There is no longer.

Mr. Di Santo: Do you know whether the ethnic newspapers have to go through Kowalski in order to get advertising?

Mr. G. C. McDonald: No.

Mr. Di Santo: What kind of fee do they have to pay?

Mr. G. C. McDonald: I'll answer the question in reverse, if I may, and start with the ministry.

The ministry has established a set of guidelines for qualification of ethnic publications for advertising. We monitor those guidelines. We are in direct communication with the ethnic publishers, so they know the ads are coming from us through the agency of record which purchases advertising for all government ministries.

Once a year we send out a questionnaire to get all the latest data on their distribution and rates, and we have a section of the questionnaire at the end which asks, "Do you have a publisher's representative?" Mr. Kowalski is a publisher's representative. So is Mr. Stan Martyn. So are one or two other people who have a very small representation, but those two gentlemen each represent a substantial number of ethnic publications.

We ask, "Do you have a publisher's representative?" If they say they do, Foster sends the materials for printing to the publisher's representative named by the ethnic publisher who has entered into a private contract with those individuals.

If an ethnic publication does not wish to use a publisher's representative—and a number don't—we deal with them directly through Foster.

Mr. Di Santo: That's the point; many people probably don't know that.

Mr. G. C. McDonald: But we announce it every year in our questionnaire, directly to the ethnic publishers.

Mr. Di Santo: I appreciate that, because at this point it is my impression they are subject to paying a double fee—one to the representative and one to Foster Advertising, which considerably slashes the advertising budget of the newspaper.

[9:45]

Mr. G. C. McDonald: If I might comment on that very briefly, the arrangement that's entered into by an ethnic publisher with a publisher's representative is to obtain the maximum amount of advertising for that publication, for which the publisher's representative charges a fee. It's a traditional fee. The ad agency lives in its 15 per cent traditional commission; so that has to be paid.

Mr. Di Santo: It's not 30 plus 15 per cent?

Mr. G. C. McDonald: No. It's 15 plus 15, minus two per cent for cash. It really comes out to 15 per cent plus 13 per cent.

Mr. Di Santo: And in cases where they deal directly with your advertising agency?

Mr. G. C. McDonald: It's 15 per cent, but that puts an extra burden on us.

Mr. Di Santo: Yes, I understand.

Mr. Eakins: Mr. Chairman, I have two short questions which I'm sure the minister can answer. I notice the addition of two in classified positions, executive assistants to the minister. Are these new positions or are they executive assistants to the new assistant deputy minister? Are you in need of two executive assistants? This is in vote 2301.

Hon. Mr. Grossman: Yes. I only refer to one as an executive assistant, but the other is also an assistant in my office.

Mr. Eakins: Then you require two?

Hon. Mr. Grossman: We're very busy. One is for industry and one is for tourism—one on each side.

Mr. Eakins: One would be an assistant to your new assistant deputy minister.

Hon. Mr. Grossman: I've said to my assistant deputy minister that if he feels he needs an assistant I'd do what I could with Mr. Ritchie to provide him with one, but he says he doesn't need one and his great efforts to date show that he is managing just fine without one.

Mr. B. Newman: He'll ask you tonight.

Hon. Mr. Grossman: No, I offered him one. He said he could manage without one. That's what a great civil servant he is.

Mr. Eakins: There's only one other question, Mr. Chairman. I've asked it before, but somehow I can never get the answer. I wonder if the minister is aware of it. How many people in your ministry are red-circled or placed in limbo and what do their salaries amount to? I was supposed to get the answer last June and some months before that.

Hon. Mr. Grossman: Didn't I reply to you by letter on that?

Mr. Eakins: No. You said the answer would be over to me in a day or two, but that was six months ago. I could put it on the Order Paper and get it in two weeks, but I thought I'd ask tonight.

Hon. Mr. Grossman: No, I'm sorry. Mr. Ritchie has just pointed out that he did write a letter for my signature and I remember signing it.

Mr. Eakins: I never received it.

Hon. Mr. Grossman: We red-circled the letter. I'll bring it tomorrow.

Mr. Eakins: I'd appreciate that. That's all I have.

Mr. B. Newman: Mr. Chairman, under the main office vote I wanted to ask the minister

if he has been approached by the Chrysler Canada people as to some demands they might be making on him as a result of their difficulties. Has Chrysler approached him directly?

Hon. Mr. Grossman: We've only had one meeting, which I reported on earlier, where they came in to bring us up to date on what was happening and what thoughts were in their minds. No request was made at that time for any assistance. That was in the summer—August, perhaps, somewhere around then.

Mr. B. Newman: Did they give you any indication as to the extent of their need for financial assistance?

Hon. Mr. Grossman: In general terms they indicated what they then projected the size of the loss would be for the current year and, in response to a question from me, the amount of money they would end up needing from all sources—that Chrysler Corporation, the American corporation, would end up needing—to get over the hump. That's where it was left.

Mr. B. Newman: Did they indicate to you the effect that the lack of assistance from you would have on their industry?

Hon. Mr. Grossman: They did. We also wanted to follow it very closely; so we've kept in contact with both the federal government here and in Washington. We've obtained a copy of the report which the private consultants, the consultants hired by the American government, prepared. That study was the comprehensive document in terms of the implications of Chrysler going under.

Mr. B. Newman: Do they keep you abreast of what they're asking of the federal government in the United States so that you could judge their demands and the effect of those demands on your ministry?

Hon. Mr. Grossman: Yes. Ottawa keeps in touch with Washington, and Ottawa has been very good about relaying this to us.

Mr. B. Newman: When you meet with them, do you do so as a province, or do you meet with them jointly as the government of Canada and the government of Ontario?

Hon. Mr. Grossman: So far we've only had one meeting, and they came into see me and the Premier. That was the one meeting we had. We've been in contact with the firm and the federal government, but we haven't had the kinds of meetings you are describing. I do have discussions with Ottawa regularly, and my deputy keeps in close contact with the federal deputy. I've spoken to all the ministers involved on a regular basis too.

As the federal government begins to analyse what assistance, if any, it is going to give, it will be liaising very closely with us. In fact they will be working with us, my officials and myself, to put together whatever package is developed for Windsor.

Mr. B. Newman: Have such meetings also taken place between you or your officials or both with the union?

Hon. Mr. Grossman: Yes. The union came in to see us, and it was really one of the best meetings of any sort I've had since taking over this job. They were quite constructive, giving us an insight into the situation they learned from their union brothers in the United States and giving us their perspective on what was happening in Windsor.

I had an opportunity, for example, to ask them what they thought at the time of the change to the V-8 360s they were making in the engine plant in Windsor. They told me they had reservations at the time about that move.

They gave us some constructive suggestions, and we incorporated those in some of our submissions to the federal government. All in all, their desire was exactly the same as ours, and yours too, as you've expressed it: to make sure that whatever happens is not a stopgap measure. They weren't saying to us, "Do whatever is necessary to keep us there another year or two." They wanted to ensure that there were long-term secure jobs there and that products they were going to make were for the new, lighter, fuel-efficient vehicle. They really were concerned.

Mr. B. Newman: I hope you continue that same type of liaison with both the union and management so we can resolve the problem back in our own community. You are aware that the number of unemployed in the city of Windsor, including those who are on lay-off, is probably higher than any other place in the Dominion of Canada.

Hon. Mr. Grossman: Yes. I guess the most recent figures I saw were well over 10 per cent. It's not a good situation. The longer term is probably pretty good. It's hard to talk of the short term, with people out of work and laid off. There is no such thing as the short term for someone who is out of work. But the longer term looks pretty good. The Ford V-6 engine plant is going to come on. The GM expansion is under way, as you know, with conversion there. Still, we need to get those people back to work, and it's going to be some time, I suppose.

I was interested to read the remarks of Roy Bennett, who predicted that if interest rates moderate, as everyone expects them to

in the next few months, they expect 1980 sales to end up the same as 1979, and that means a lot of those people will be back to work before the half year.

Item 1 agreed to.

Items 2 to 4, inclusive, agreed to.

On item 5, information services:

Mr. B. Newman: Mr. Chairman, is that amount of \$1,026,000 for information services only for the main office?

Hon. Mr. Grossman: That's for the total ministry.

Mr. B. Newman: Then that includes the various types of booklets and so forth that are put out for tourism?

Hon. Mr. Grossman: No, not for tourism.

Mr. B. Newman: Not for tourism; just for industry. Thank you.

Hon. Mr. Grossman: Wait, I want to give you a good answer. It does not include booklets or that sort of thing prepared for any other division.

Mr. B. Newman: Are you, in that item, preparing special materials for this coming summer when the Republican convention comes to Detroit so that you could maybe persuade those people to come across the river to visit Ontario, to visit Windsor?

Hon. Mr. Grossman: Yes, we are. The tourist branch will be in there pitching.

Mr. B. Newman: I am very pleased to hear that. Are you also preparing materials that can be distributed in the Renaissance Center, across the river, and will you be providing the staffing for that, both at the convention and at the centre?

Hon. Mr. Grossman: Yes, we will. I am going to personally staff the convention centre for you.

Item 5 agreed to.

Item 6 agreed to.

Vote 2301 agreed to.

On vote 2302, policy and priorities program; item 1, program administration:

Mr. B. Newman: Mr. Chairman, may I now ask the minister if the ministry is studying the effects of the new automation that is going to be coming in very shortly? As I mentioned earlier, there is one plant in Japan which, according to newspaper reports, originally had some 750 employees and, through automation, is going to require only 75—one out of 10—and the balance is going to be laid off because of the sophisticated new equipment that is going to be used.

I noticed there was a conference held in the city of Detroit within the last month or

so which dealt specifically with this issue of robots in industry. Were your officials at that conference in Detroit?

Hon. Mr. Grossman: No, we weren't. I want to comment that I saw some of that when I was in Japan. It's interesting to note that the world has this perception that there are thousands and thousands of Japanese workers on a line somewhere cranking out these little radios or whatever and that's how they're competing with us. In fact, that's a misconception. They are competing with us, largely, by virtue of the advanced technology, including assembly technology.

I was in a plant there where they were showing me an area that used to be staffed by 75 people and now is staffed by about 35, and they were showing me the machines; I wouldn't call them robots but they were assembly machines. The machines were doing the work that people used to do, and my hosts went to great pains to assure me that those workers were otherwise now employed in plants somewhere else. I will ask my executive director from the policy and priorities division to complete the response on that.

Mr. Mifflin: The officials in my division are monitoring what's happening in this general drift toward automation and have been for some considerable time. The term "robot" is one that, I think, is a little bit more exotic than we have used in this general drift towards automation. We see quite a bit of it in the electronics industry, in the chip and microprocessing industry. We see quite a bit of it now in the automotive industry; engineer plants, semi-automated engine machining lines. It's a general practice of our industry sector policy branch to keep on top of those trends in the developing technology of industry.

[10:00]

Mr. B. Newman: Have you conducted any studies at all to indicate whether manpower demands will be substantially lower as a result of the new technology?

Mr. Mifflin: Not per se in that. The literature we have leads us to believe that the maintenance of robots is practically enough to offset the labour displacement as a consequence of the installation of automation.

The minister referred to the growth in the automotive industry over the past 10 years in Ontario while this automation has been taking place. We haven't seen a great deal of labour displacement from that. The computer industry is a case in point.

Mr. B. Newman: In the new Ford plant being constructed in the Windsor area, to what effect is automation going to take the place of the individual? I think the plan was to provide between 2,800 and 3,500 jobs. I have heard talk that those numbers might be a bit inflated; that the new technology may substantially reduce those numbers.

Mr. Mifflin: To the best of my knowledge, they will still stand as the numbers originally provided to us. When that plant was first contemplated, I believe the technology in terms of machining the engine blocks and the like was known; so employment estimates that were used were based on the automation technology that will be used in the plant. I don't think there's going to be any deterioration of jobs.

Mr. B. Newman: What is the policy of the ministry regarding Canadian branches of American plants, the Canadian operation ending up being simply assembly plants, but the finished products, rather than having a stamp on them saying "Assembled in Canada," are marked "Made in Canada"?

I'm referring to Toledo Scale, in case you want an example. I did raise that with your ministry officials in other years. The union at the plant was very adamant that, coming out of Toledo, the main office of the plant, were some assemblies made in there. Then, when they completed the products, rather than having "Made in the US, assembled in Canada," they were marked, "Made in Canada."

Hon. Mr. Grossman: For our own purposes, we use the CMA definition, which is that 51 per cent of the end price has to be Canadian value added.

Mr. B. Newman: Are you using price, did you say?

Hon. Mr. Grossman: We look at the end value of the goods and see what component is Canadian component, including materials and labour. I'll have another look at that, I'll look at our old response to you and see if that stands up. I'm sure it does.

Packaging and labelling, as you know, is a federal matter that falls under the Department of Consumer and Corporate Affairs. But for our purposes we would use the CMA definition for "Made in Canada."

Mr. B. Newman: We've also gone through that route of complaining to the federal authorities; I've had Herb Gray on the federal level look into that. The employees in the plant who see the stuff come in, complain very bitterly over the fact that the subassemblies are put together to create a

finished product. Yes, they are assembled in Canada. But the employees don't think "Made in Canada" should be on the tag, because I understand there are certain types of duty remissions involved when they turn around and put a "Made in Canada" tag on it.

Hon. Mr. Grossman: Would you send me a copy of your communication with Herb Gray on that?

Mr. B. Newman: If I can find it, I will.

Hon. Mr. Grossman: Do you mean it's that old?

Mr. B. Newman: I don't know. I may have it under your ministry, but I won't promise you that I'll send it. If I don't send it to you, it's because I can't find it—not that I'm trying to hide it from you. If I can find it, I will.

Item 1 agreed to.

Item 2 agreed to.

On item 3, industry and trade analysis.

Mr. B. Newman: Mr. Chairman, has the ministry conducted any studies to try to find a balance, using a man-hour content of a finished product as opposed to a dollar content for the finished product, when we talk about an auto pact or anything else? While we might export a \$1 billion worth of materials or finished product, and we might import \$1 billion worth, we could be importing \$1 billion of finished goods in which there's an awful lot of man-hours involved.

I would hope the ministry could develop some type of program where, rather than simply look upon a balance of payment in dollars, we could look upon it as a balance of payment maybe in a combination of money and man-hours. In that way we could get the maximum man-hours for our dollar, rather than get maximum dollars and have an imbalance in the dollar content, whereas we could have a substantially greater imbalance in man-hours involved.

Hon. Mr. Grossman: We should not have to be in a position to trade off one against the other. There are two different problems. There is the employment problem, and there is the balance-of-payments problem.

Mr. B. Newman: That's why I said a combination.

Hon. Mr. Grossman: Hopefully, what we want to do is not get in a position to trade off either but to reach what we would call a fair share of employment on one side and at least an even balance in terms of our balance of payments on the other side.

We do have figures, including those obtained from the United States, in terms of

the man-hours or man-years for each particular process that is carried on. Those are some of the things that end up being translated into provisions such as the Canadian value added provision in the auto pact, that being the mechanism which was used to achieve our fair share of the hours. I suppose there is some dispute as to whether that has provided a fair share but again, when we look at the employment figures, that hasn't worked out too badly.

Mr. B. Newman: I can recall raising the issue with Stanley Randall when he was a minister.

Hon. Mr. Grossman: We might have been in a surplus in those days.

Mr. B. Newman: I would like to see the balance more in job content than in dollars.

Hon. Mr. Grossman: Unfortunately, all the dialogue on the effectiveness of the auto pact focuses on the balance-of-payments side. It doesn't focus on the effectiveness of the auto pact in terms of labour, and it has been fairly good.

Mr. B. Newman: Okay. I hope your officials will have another look at it.

Item 3 agreed to.

On item 4, industry sector policy.

Mr. Di Santo: Mr. Chairman, I'd like to ask a question on the micro-electronics industry. This is an area where other countries are investing quite heavily right now, especially in France. If Canada and Ontario are only users, they will end up being the losers.

One of the areas most affected is the service industry, because it replaces a great deal of workers. In Canada, the electronic industries are dominated by other countries. In consumer products, the television industry, which accounts for three quarters of the sales in this area, is dominated by the Japanese. There is virtually no chance we can rebuild in this area. The manufacture of components is dominated by the United States.

There are a couple of Canadian companies. One in Ottawa is Northern Telecom, which is producing semi-conductors. In computers and office equipment, the industry is dominated by US subsidiaries which manufacture for the Canadian market. Control and instrumentation equipment manufacturers in Canada sell their products largely on the domestic market but half the market is served by foreign companies. Also, they find it very difficult to compete in the larger foreign markets.

The Canadian companies involved in the field of system electronics produce only one of two facets of a complete supply system.

Last spring, the federal government diverted \$50 million to be invested in the electronics industry but, with the \$2-billion budget, cuts and with the new budget, we don't know what is happening. I'd like to ask: What is Ontario doing in this area, since two thirds of the employment in Ontario is in the service sector?

Mr. Mifflin: I would take issue with what I infer from what you said, that Ontario in microprocessors and micro-electronics is so heavily dependent on imports.

You mention Northern Telecom; that company has been in the forefront of chip technology and microprocessor technology since the beginning and is exporting that technology to the United States. There are many other companies in Ontario prominent in this: CAE, Litton, Garrett and North American Rockwell. Some of these are subsidiaries of American companies. CAE is Canadian.

You may have read recently in the paper that Litton has received the guidance contract for the cruise missile, a very, very sophisticated state-of-the-art kind of electronics technology.

In terms of displacement of the service-sector labour force, I presume you mean through use of computers.

Mr. Di Santo: Yes.

Mr. Mifflin: The computer revolution has been with us for 20 years and, to the best of my knowledge, the sector where labour force growth has been the greatest in the past five to seven years has been the tertiary sector, the service sector: banking, retailing, insurance and the like. These are the very people who are computerizing at an extraordinary pace.

On the one hand there are massive investments in computer and data processing systems in these paper-processing industries, and on the other hand there are major increases in employment. I don't find there is a direct correlation between the two. In fact, there's an inverse correlation. From my own personal experience in the private sector, I have found that the more we tended to computerize, the more we hired systems people, programmers and computer maintenance people. I've never seen a successful system installation yet that was sold on the basis of labour displacement: it was sold on the basis of lower cost, actual handling or data, and more data available per unit time. So I'm just not sure there's any credence in that argument.

[10:15]

Mr. Di Santo: As I said, we are dependent on foreign companies for most of these prod-

ucts. I know there are a few Canadian companies producing but that's not enough to replace our dependence on foreign companies in this area. I mentioned components, control and instrumentation equipment and system electronics. That's what people in the industry, like Mike Copeland, are also saying.

Mr. Mifflin: I don't know what article you're referring to, but I believe you're talking about Consumer Electronics. In the United States, as well as in Canada, it's true the consumer electronics industry has moved offshore: television, radios, hi-fi and those kinds of things. There are hardly any companies in the United States assembling that stuff any more. It's all done in Hong Kong, Taiwan, Korea, Japan and places like that.

Mr. Di Santo: Do you mean there's nothing the government can do in this area since the federal government realized there was a problem last spring? Mrs. Sauv  said the government should be involved in major projects. They allotted \$50 million for this industry.

Mr. Mifflin: As you know, in Canada there is still a remnant with Electrohome, which has been a leader in television, sound and electronics.

Mr. Di Santo: It's the only one left.

Mr. Mifflin: It's still there. It's struggling. I can only repeat: There's a long-term drift towards offshore assembly of consumer electronics which are competing on the basis of a known technology. There's not much new in it. It's a very mature industry; with saturation in television, they're now competing on the basis of price. Practically every home in Canada—98 per cent—has at least one television. Something like 75 per cent of homes in Canada—98 per cent—has at least one saving black-and-white sets. Many homes have two.

Mr. Laughren: All made in Ontario?

Mr. Mifflin: I wish they were.

Mr. Di Santo: There are a lot of innovations going on in this industry.

Mr. Mifflin: In television?

Mr. Di Santo: No. In the micro-electronics industry, in general.

Mr. Mifflin: Yes, there are—in the basic components in micro-electronics. I'm talking about silicon wafers, chips and fibre optics. It is slightly adrift from this, but we're in the forefront of technology in fibre optics; Canada Wire and Cable practically began that in Canada.

In the basic heart of electronic circuitry, we're there with the rest of them. It's when you get into mature products where there's a fair amount of mass production and mass assembly; even the United States industry couldn't compete and has moved offshore as well. The Canadian market is in the same boat as the rest of North America.

Mr. Di Santo: So we'll continue being dependent on other countries? That's what you're saying?

Mr. Mifflin: I guess that depends upon the Electrohomes of the world.

Mr. Di Santo: Twice I read in the newspaper that no Canadian firm is capable of filling the Coast Guard order for solar units, a different type. Don't you think in your strategic plan you should give some encouragement to industry to invest in this sector? As you said, it's a mature industry, and isn't much right now.

Mr. Mifflin: The electronics industry is one that our ministry pays a great deal of attention to, as I'm sure you're aware, and we're in touch with them all the time.

Mr. Laughren: As opposed to the waste disposal industry?

Mr. Mifflin: You've jumped on to solar?

Mr. Di Santo: That's different, but I said there is a wide-open area—

Mr. Laughren: In solar?

Mr. Di Santo: No, in micro-electronics, where there is room in Ontario industry.

Mr. Mifflin: And there is a micro-electronics industry in Ontario.

Mr. Di Santo: Yes, and they say half of the people employed in the service industry are affected by innovations brought in.

You said maintenance is okay but, with the large number of people involved in the storage of information, in the long run there will be a decline in employment unless we provide employment in the manufacturing of micro-electronics.

Mr. Mifflin: Which there is. IBM is a big employer in Ontario; so is Honeywell.

Mr. Di Santo: They're not Canadian.

Item 4 agreed to.

Vote 2302 agreed to.

Mr. Chairman: We have made pretty fair progress tonight but I want to announce, as you are all aware, that we are sitting on Monday night. There are at least 20 to 25 groups or individuals inquiring about the spills bill and its amendments. We will be sitting on Monday night on Bill 24. The

Ministry of Industry and Tourism estimates will resume Tuesday at 8 p.m.

Mr. Eakins: So there's no sitting tomorrow after the question period?

Mr. Chairman: No. But I wish all groups would notify their members, because some of them are very interested in this spills bill.

I got about 25 calls from people on the outside who want to be here.

Mr. Eakins: So our next meeting here will be at 8 p.m. on Tuesday?

Mr. Chairman: Yes.

The committee adjourned at 10:23 p.m.

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From the Ministry of Industry and Tourism:

McDonald, G. C., Executive Director, Communications Division
 Mifflin, R. J., Executive Director, Policy and Priorities Division
 Wilson, L. R., Deputy Minister



No. R-33

Legislature of Ontario Debates

Official Report (Hansard)

Resources Development Committee

Estimates, Ministry of Industry and Tourism

Third Session, 31st Parliament

Tuesday, November 27, 1979

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

TUESDAY, NOVEMBER 27, 1979

The committee met at 8:10 p.m. in committee room 1.

ESTIMATES, MINISTRY OF INDUSTRY AND TOURISM (continued)

On vote 2303, industry development program; item 1, program administration:

Mr. Chairman: I will call the meeting to order. Mr. Eakins, have you anything to say or do you want to pass it up for somebody else?

Mr. Eakins: I will pass and come back to it.

Mr. Laughren: Am I correct that we are just beginning vote 2303? I wasn't here at the last session.

Mr. Chairman: Yes.

Mr. Laughren: It's very good to eyeball the minister here tonight after all the nice things I said about him yesterday in Treasury estimates. I am glad he was able to make it tonight. I was most restrained in the Treasury estimates.

Hon. Mr. Grossman: Everything is relative.

Mr. Laughren: I wondered if we could in this first vote look under program administration in which the description in the estimates book indicates the Employment Development Fund as one of the things we could talk about here. I accept your ruling, Mr. Chairman, but I gather this is an appropriate place to say a few words about that.

Hon. Mr. Grossman: As we will be talking a good deal about EDF, as you know the funding appears in the Treasury estimates. I know you wouldn't want to repeat yourself, nor would you want to go to two different places to see if you get conflicting answers. I would suggest the appropriate thing now to deal with is the process and the kinds of considerations we might make.

Mr. Laughren: Good, that's exactly what I would like to do. I must say to start with I was absolutely horrified—

Hon. Mr. Grossman: Not to overstate it.

Mr. Laughren: —not to overstate it—that the Treasurer (Mr. F. S. Miller) was the chairman of that committee. I would have thought the Minister of Industry and Tourism was the

logical person, given his aggressive stance on most issues in cabinet, and that he would have won this battle to chair that committee. Perhaps it wasn't a battle; maybe he was trying to get rid of it.

Hon. Mr. Grossman: How do you know who won the battle?

Mr. Laughren: I just think that it fits more logically with the Ministry of Industry and Tourism than with the Treasurer. I want you to know if you need any support in wresting that chairmanship from the Treasurer, you have mine. I say that partly because of the Treasurer's performance.

Hon. Mr. Grossman: You just ruined my case entirely by offering your support. May I just say the key consideration was the fact that many of my colleagues, as the former Minister of Agriculture and Food will tell you, thought—and I must say on balance I agree—that none of the nine ministries with operating programs really should have had the chairmanship role in that fund, but the Treasurer as the ultimate person who has to answer to the allocation of funds, which he has done so admirably to date, should be overseeing the disbursement of funds. Of course, various ministries have advocated programs to the EDF.

Mr. Laughren: That argument certainly could be made to a lot more committees than the EDF, I'm sure you would agree.

Hon. Mr. Grossman: I wouldn't want to get carried away with that argument.

Mr. Laughren: No, I didn't think you would.

Hon. Mr. Grossman: The EDF is a selective argument.

Mr. Laughren: I'm glad you put the proviso in at the beginning about what you suggest we should talk about about on the EDF, because that's exactly what bothers me about the EDF, as you tried to make clear last spring.

As we understand the Employment Development Fund, it is to stimulate industry in Ontario, to attract new industry, to encourage existing industry and if necessary, to help industry compete against other jurisdictions. When I see what is happening there and when I look at the sheet and read your press

releases as to the companies to which you are providing assistance, I wonder what your strategy is with the EDF.

I wonder if you could tell us which industries in particular you are trying to stimulate. I know the pulp and paper industry is an obvious one you want to aid. I am wondering whether or not you are using the rationale that Ontario has to rebuild its manufacturing sector and that EDF is an area where you should be using the clout.

For example, I look at what you're doing with EDF and I can't help but think that once you have got these pulp and paper grants, and the other grants out of the way, you would only be left with a real scatter-gun approach with EDF funds. I am wondering if at the end of five or six or 10 years, you're going to be able to point with pride to any particular sector out there and say, "This is one we helped rebuild with EDF." That's where I find fault with what you're doing.

I wonder if you could expand somewhat on the key ingredients to the screening process you refer to with the EDF funds.

Hon. Mr. Grossman: The purpose of the fund, outside of the pulp and paper industry and perhaps in a more general way the automotive industry, is not to break out the various sectors into industry sectors. Rather, we have broken it out in a different way, I suppose a horizontal way, which would indicate the kinds of things we look for in any industry that approached us.

For example, if we identify one of our major problems as research and development technology, that is the kind of category we look for. Another category is export-oriented or import-replacement firms that have that potential. One of the other things we look for is the regional aspect. We want to use it specifically to help regions in the province that need the special help we might help them find.

Mr. Laughren: Could you give us some specific examples of where you feel that you're doing this?

Hon. Mr. Grossman: To date, I think we have announced only seven or eight cases.

Mr. Laughren: I thought you said it was 18.

Hon. Mr. Grossman: No, we've only announced seven or eight cases. You're going to have to watch the announcements more carefully.

Mr. Hall: Eight have been approved?

Hon. Mr. Grossman: That's right.

Mr. Laughren: I'm sorry.

Hon. Mr. Grossman: We've got one in Smiths Falls; the largest one so far in Renfrew; one in Midland; one in Temagami; one in Collingwood; one in Kapuskasing; one in Toronto; one in Barrie; one in Tillsonburg; one in Burlington and one in Mississauga.

Mr. Laughren: That's 11.

Hon. Mr. Grossman: It includes one pulp and paper firm.

Mr. Laughren: I'm sorry, you were excluding the pulp and paper in that.

Hon. Mr. Grossman: It includes one which is by way of guarantee. I want to make it quite clear I am not referring to any specific ones on the list I have just talked about, but what happens is that the EDF board would approve a case, for example, in a part of the province which had higher unemployment and where employment was more key to the community than it would, say, in the "golden horseshoe." That is something we consider.

Mr. Laughren: Except St. Catharines.

Hon. Mr. Grossman: What do you mean by St. Catharines? In fact, the assessment that goes on includes an assessment of the current unemployment rate in that particular area, as against the provincial average unemployment rate. We also assess various recent developments in that area. If the unemployment rate is a little higher than the provincial average, but there have been a couple of major plant expansions just announced without EDF, so we know the employment picture will improve, that's something we take into consideration.

Mr. Laughren: What really bothers me about it—

Hon. Mr. Grossman: Is that it's working

Mr. Laughren: No, what bothers me is a great deal is you haven't taken a sectoral approach to it and I will give you a good example.

You took a great deal of credit for the consultative committee on the electrical and electronic industries. You may recall that committee. You have a committee like that at work in a very critical sector, namely the electrical products and electronic industry and you have a report that speaks very directly and very frankly on the problems in that industry. You have a report that refers in very stark terms to the number of jobs lost in that industry over the last few years. They figure just in the last 12 or 13 years we have lost a staggering number of jobs up to imports replacing approximately 50,000 Canadians. I know that's not all Ontario but half our manufacturing activities in this country are in Ontario.

I don't know how you can use this scatter-gun approach when you have an obvious industry, like electrical products, staring you right in the face. Your own consultative committee, at least you had members on it, paints a picture that should tell you there's a dire need for rebuilding that particular manufacturing sector. It's a key sector. The deficits are incredible, between \$2 billion and \$3 billion now and there's an area where you could replace imports dramatically.

You could create a lot of jobs in this province if you were to look at that sector as a critical one. It has a lot of ramifications in spinoff benefits as well and yet you choose to use the EDF in a very strange way. You may have your own criteria, which I understand you have, but I think it's wrong. You should be looking at it.

I use electrical products only as an example, partly because you have your own report on it. There are other sectors I could wheel out for you and we could talk about, too. You are making a very serious error in the way you are deploying the EDF. You could say; "Well, if we did it some other way, you would say we should have done it the other way." That's wrong. We are consistent in telling you you should be looking at the problems out there on a sectoral basis and rebuilding sector by sector by sector.

We have talked about the mining machinery industry and you use a very superficial approach there too. You won't use your fund to do anything there. You stand back and take a very passive role in the whole problem, particularly in the manufacturing sector in Ontario. That's a very serious problem.

I don't know whether you followed the data on the deficit in manufactured goods this last year or so. If you haven't, let me remind you that in 1978 they were about \$12 billion and predictions for this year are \$17 billion or more in manufactured goods. Now, I ask you, how you can sit back and simply ignore that? That's your bailiwick. You have a tool called the EDF you could be using and you are not using it. You are using such a scattergun approach it's not going to have any impact at all on the manufacturing sector, as a whole, or on those particular sectors.

You have a strange way of identifying serious problems out there and then going after and trying to solve them. You can tell me you are noninterventionist and I believe you. I don't need any more evidence you are noninterventionist but I tell you that's wrong. Your mandate is to get in there and mix it up and mix it up out there in the economy, not just in the cabinet room. That's where

most of your skirmishes occur. I would urge you, and this is what bothers me. You accuse the New Democrats—I have heard you do it—that we would use too much of the public sector funds. You are using them already. At this point I am not saying I want you to go out there and create a lot of public sector jobs, make-work projects. On the contrary, I am asking you to go there—

Mr. W. Newman: That's what you said a year ago until you changed your policies the other day.

Mr. Laughren: No, not at all. I could talk to you about what you have allowed to happen—

Interjections.

Mr. W. Newman: I am a private member now.

Mr. Laughren: When the former Minister of Agriculture and Food was the Minister of Agriculture and Food, why did he allow the food-processing industry in this province to be run into the ground, not to mention the cheese industry? Going into the cheese industry—

Mr. W. Newman: I would love to, but I can't.

Interjections.

Mr. Laughren: Mr. Chairman, would you bring the former minister to order? Just because he was a cabinet minister, he thinks he has special privileges around here.

Mr. Havrot: You think you have extra privileges too and you haven't even been a cabinet member.

Mr. Laughren: Well, the odds are even, Ed.

Hon. Mr. Grossman: We could talk about buying the potash industry.

Mr. Laughren: Well, we could. I wouldn't buy the asbestos industry, I will tell you that. Potash, I would.

I won't get diverted. What I am saying to the minister is here's an opportunity for him to go out there and co-ordinate the activities of the private sector. You have already allocated the funds. At some point, the Treasurer is going to stand up and announce some private-sector job-creation projects. That's what he is going to do, even though he's at least as much a noninterventionist as you are. At the same time he's ignoring all the possibilities for co-ordinating the activities of the private sector out there, stimulating the private sector to create jobs. You won't even do that. Talk about non-intervention, you have raised it to an art form.

I wonder if you could just tell me why you would ignore something like the electrical products industry in your strategy? What are you going to do about the findings of that consultative committee on the electrical products industry? I will stop talking for a minute and give the minister a chance to answer.

Hon. Mr. Grossman: In spite of all that rhetoric, may I—

Mr. Laughren: What rhetoric? I am asking you to give me specific programs on a specific industry. There is nothing rhetorical about the needs of the electrical products industry, so don't play your little games about using rhetoric.

Hon. Mr. Grossman: In spite of all that rhetoric—

Mr. Laughren: If that's the best you can do, we will move on to the next one.

Hon. Mr. Grossman: —we, of course, are not going to accept your suggestion that we won't use the EDF for the mining machinery industry. When I was in Sudbury last week, I specifically told the people there for our very successful mining machinery show, which you have acknowledged was very successful.

Mr. Laughren: Wait a minute, wait a minute. On a point of privilege.

Hon. Mr. Grossman: I wouldn't mind hearing this point of privilege because I know I am right on this one.

Mr. Laughren: No, as a matter of fact you are not. What I said was what you did was the right thing—

Hon. Mr. Grossman: Thank you. Now, Mr. Chairman—

Mr. Laughren: —in having the trade show in Sudbury. What I then said was you had to now follow it up in a more aggressive way than you were willing to do.

Hon. Mr. Grossman: Well, it has been a week since the show—

Mr. Laughren: No, no. I am talking about your plans.

Hon. Mr. Grossman: —and you are talking about our plans to assess whether I am following it up aggressively.

Mr. Laughren: All right, tell us about your plans then.

Hon. Mr. Grossman: In any case, I know you felt it was a good idea and that the show was successful.

Mr. Laughren: We suggested it. I can hardly deny that.

Hon. Mr. Grossman: Now I know you think it was successful; you want to take

credit for it. I specifically told the people there coming to the show wasn't enough and doing some business on the floor of the show wasn't enough. What we really needed was for people to come forward, having identified market opportunities, and start making some of the equipment they saw there.

In other words, just coming there to identify goods they were already making and they could now begin to ship was not enough. They had to also look at some of the things they could be making and start making that equipment. I specifically told them—it is of course always dangerous for a government to issue an open invitation—I specifically told them the Employment Development Fund was there for that kind of purpose, import replacement, building up domestic industry and it's not the first time I have delivered that message.

Mr. Laughren: Well, well. Imagine this minister talking about import replacement. That's very encouraging. A change from a year ago.

Hon. Mr. Grossman: You have read all of my speeches.

[8:30]

Mr. Laughren: A change from a year ago.

Hon. Mr. Grossman: Not at all. You still want to have the blinkers on you had last year when you said we had to take our choice, it could only be import replacement or export promotion, you would limit yourself to one and I know that. I said last year—and the activities of the past year have proven I am right—you can do both. We have emphasized both in everything we have done, including the Employment Development Fund.

Mr. Laughren: And you think you have been successful?

Hon. Mr. Grossman: Of course we have.

Mr. Laughren: The figures don't show that.

Hon. Mr. Grossman: Thirty-one thousand new jobs created in manufacturing in this province.

Mr. Laughren: Really? And what is happening to the deficit?

Hon. Mr. Grossman: I want to talk about that because while we talk about the EDF not having a focus on sectors—

Mr. Laughren: A point of order. Would the minister agree, before he starts jumping around from topic to topic, would he go ahead and finish off what he was going to tell us about the mining sector, the machine sector? What is he going to do now he has completed that mini trade show in Sudbury?

Hon. Mr. Grossman: I have already, within seven days or so, personally written to each and every person who attended the show, urging them to follow up in the ways I just talked about. Our field staff will be following up with the people as well. Our field staff will be telling each and every one of those people our programs are there, what our programs are. I want to say to the member, if he thinks our programs should be different from what they are, in terms of the EDF or Ontario Development Corporation programs, our advisory programs, all of our support programs, that is a different topic.

You may tell us our programs aren't good enough. I reject that, but you may tell us that. You can't tell us, though, that we are not following up progressively on those and you can't tell us we are going to let those opportunities go by.

Mr. Laughren: But what are you prepared to do? Let's pursue it a little further.

Hon. Mr. Grossman: I just told you what we are going to do. We are following up on each and every one and I have to tell you, if none of them is prepared to make any investment, none of them see the market there, I know you will propose that the government—

Mr. Laughren: Tell me what you will propose. Don't worry about me. You are the minister, you are the one with the money. What are you going to do about it?

Hon. Mr. Grossman: I know what you will propose. Don't tell me how to give my answers. I don't tell you how to give yours.

Mr. Laughren: You are telling me what I would do. Tell me what I would do.

Mr. W. Newman: You would do nothing.

Hon. Mr. Grossman: You would say even though all of the experts in the marketplace say it is uneconomic, if they said that—and I am not saying they say that—you would nonetheless move into that vacuum. Let me say, I am convinced the market is economical. There will be a great response out of that show. I know you weren't able to make it because you were in Toronto that day.

Mr. Laughren: I did make it.

Hon. Mr. Grossman: Oh, did you? Then you will be as impressed as I was with the enthusiasm there and the determination of a lot of people to move in and take up a large portion of that \$400 million market.

Our programs are there. We will follow up and we will be doing something. As a further example, we are going to have a followup show on pulp and paper industry

equipment in Thunder Bay sometime in February.

Notwithstanding all of the speeches and all the questions in question period, every time we have one of those shows we are on the floor of those shows almost invariably. Certainly in the mining machinery show in Sudbury we immediately transacted a couple of million dollars' worth of import replacement business. We will certainly open up fantastic new opportunities.

You talk about not having the right priorities in the Employment Development Fund. You talked about certain sectors. You talked, quite properly, about manufacturing and our deficit on manufacturing end products. You would be interested to know that of the non-pulp and paper grants approved so far by the EDF, 46 per cent of them are in the manufacturing sector. Another 35 per cent are in the automotive sector. On other days, you rise in the House and ask us what are we doing about our incredible deficit on the auto side. You can see in the automotive and general manufacturing side we have spent 81 per cent of the non-pulp and paper moneys in the Employment Development Fund.

In view of the fact you have consistently—I give you credit for that—talked about the need for this government to support the automotive sector, to do something about the automotive parts industry especially and to do something about our trade deficit in manufactured end products, I would be really interested in how you might have allocated those funds differently. Fully 81 per cent of the non-pulp and paper moneys have been allocated to what I have always understood to be, at least to the member for Nickel Belt, top priorities.

Finally, after that 81 per cent another 12 per cent has gone to the electrical industry. The electrical industry grants, if our final negotiations prove out the way they are currently anticipated and the way they have been approved by the board, will amount to well over \$16 million worth of new investments in the electrical industry.

I have dealt with now the allocation of the Employment Development Fund. Interestingly, the three major sectors of the EDF are precisely the three you raised in your questions.

Mr. Laughren: Are you telling me that you're listening to me now?

Hon. Mr. Grossman: No, we have done it in spite of that. I know it is worth your while to just sit there and take credit for it.

Finally, of course, I don't want to neglect the tourism sector, which will be getting

some of the Employment Development Fund money through the Tourism Redevelopment Incentive Program, which we announced some time ago.

I should say that the same group that is administering the Employment Development Fund for us is working together with Treasury in studying what specific things we might do for a couple of other sectors, including the textile industry.

Mr. Laughren: What bothers me, very seriously now, is you can spend the money on sectors that need the money but as long as you spread it around you are not going to rebuild any one sector. What I am saying is you have to make some very, very tough decisions as to whether or not you want to spread it over all those sectors, all of which need it, all of which want the infusion of your EDF funds, if that is the way you are going to go. But if you do that, those moneys you are talking about—you are not talking in dollars now, you are talking about percentages—the dollars you are putting into those sectors are not that big because of the large amount you have assigned to the pulp and paper industry, Ford and so forth. You are not going to rebuild all those sectors or even help to rebuild them with that kind of money, given the enormity of the task and the way in which manufacturing has been allowed to run down in Ontario.

That is where we are at odds with one another. We don't think you are being tough-minded enough in your allocation of these EDF funds to rebuild critical sectors. That is what we are saying. You may not make as many people happy in the short run, but you will end up with a really substantial rebuilding program in a given key sector or even two sectors at a time, or whatever. That is what I am saying.

Hon. Mr. Grossman: There is no question about it, I have never pretended that the balance, after the pulp and paper money or even including the pulp and paper money, is an enormous amount of money to have available to mount the task.

You aren't going to solve all the problems just with financial assistance. There are a lot of other things that go into it and there are a lot we talk about on a day-to-day basis, trade policies, procurement policies, and so on. But you do need a certain sum of money, whether we do it in the ways by which you would do it or by direct grants, the way we do, which is necessary to support those firms within industries that really are in a position where they need financial assistance.

They may have the technology but not the capital to do it. They may be able to get

some assistance from the banks but not enough. They may have had two or three good years of profit, but not enough to salt away enough capital to make really fundamental changes. That is why we have chosen to do it on a horizontal basis, the reason being that within some sectors—I was going to say look at the pulp and paper industry as a matter of fact—in what we would categorize as a fairly strong sector, you will find some weak firms that perhaps should get some support, even though some people would say, "That is a very strong sector and can mostly make it on its own."

Conversely, you may find, and you do find, some firms in traditionally difficult sectors, weak sectors, textile, electrical and electronic, you may find some firms in there—and in the pulp and paper industry—which indeed don't need assistance.

Our experience with pulp and paper was, I guess, one or two firms had proceeded with major expansions because their capital position, for whatever reason, happened to be strong enough. I think that is an indication of the problem you get into when you do it vertically and select an industry on a non-selective basis and say everyone in this industry can come in the door and participate in this program. That's the need to do it on a selective basis.

Mr. Laughren: Oh, come on. That's a shabby idea.

Hon. Mr. Grossman: Let me finish.

You talked about the auto industry and sloughed off our assistance to it. I want to clarify one thing for you. The figures I gave you on a percentage basis in the automotive sector did not include the Ford money. That is assistance we have given to the automotive sector above and beyond Ford.

You emphasize the limitations of the amount of money we have got; there is no question about that. The trick to it is to see how much private investment, unlimited resources, do cause this to occur. So far the ratio we are working on is about seven. seven and a half per cent, so when you look at the amount of money we have, that has triggered a heck of a lot more, 15 times as much, capital investment out there. Then you begin to talk about fairly substantial dollars.

So in the case of general manufacturing the grants approved but not announced so far are some \$6 million. That's leveraged though, \$93 million worth of investment in general manufacturing in this province. I emphasize this to you since, I guess, in the last six or seven months in this province, \$93 million worth of capital investment has occurred directly as a result of the EDF.

In the automotive industry by committed but not announced grants we have levered \$75 million worth of investment out there that otherwise might not have occurred. So you begin to talk about fairly major figures in a six- or seven-month time gap and I think we are talking in large measure about those kinds of fundamental changes you always talked about.

Mr. Laughren: To be fair though you shouldn't talk about taking a sector and having the weak firms get assistance because the weak firms have already heard about your fetish for golden geese.

Hon. Mr. Grossman: I have been accused of a lot of fetishes but that isn't one of them.

Mr. Laughren: And they wouldn't bother applying because they are lame ducks.

Hon. Mr. Grossman: That's not so. You should see some of our applicants.

Mr. J. A. Taylor: That just won't fly. They spend more time hissing than laying.

Hon. Mr. Grossman: Hissing, with an "h"?

Mr. Laughren: The minister skipped over the problem of the manufacturing deficit rising from \$12 billion to \$17 billion or \$18 billion in one year. That figure terrifies me when I see it. That is a 40 per cent increase in the manufacturing deficit in one year, and that is Ontario. Ontario is the heartland. I wonder if you understand the enormity of that figure and what it means for us, and whether or not you think the piddling around you are doing is going to have any effect on that. That is a parliamentary expression I learned as soon as I got elected, piddling.

Hon. Mr. Grossman: Who did you learn it from? Morty Shulman, I'll bet.

Mr. Laughren: Do you see any way of turning that around? What is the ministry going to do about that? You just can't sit back and look at that happening.

Hon. Mr. Grossman: What you are really asking is could I list for you the various programs we are running? I want to say first that we, as a matter of fact, spent from four o'clock this afternoon right through until we came over here at eight o'clock—

Mr. J. A. Taylor: I don't mind you spending time, it's the money I don't agree with.

Hon. Mr. Grossman: —with the eight or 10 senior staff members of my ministry, grinding through some alternatives in our trade policy.

We are about to complete some changes on our industrial side of the ministry, in terms of our industrial promotional activities. I think we have seen—

Mr. Laughren: You are being very vague.

Hon. Mr. Grossman: Of course I am being vague because we haven't concluded what changes we are going to make on the trade side, I have to tell you. It will be shortly; we haven't concluded them. In terms of our import replacement—

Mr. Hall: Mr. Chairman, on a point of order, I believe Mr. Laughren started talking about the Employment Development Fund. Now he has finished with it I would like to ask a few questions relative to that subject and then we could go on to another.

Mr. Chairman: That's fine, I am happy to have you on the—we are wandering all over the place here.

Interjections.

Mr. Chairman: Order. Mr. Hall, Mr. Newman, Mr. Wildman, Mr. Havrot and Ms. Bryden.

Hon. Mr. Grossman: I would like to respond. The chairman will make sure Mr. Laughren does not interrupt me or follow up my response in order that Mr. Hall can pick that up.

Quite seriously, some of our import replacement programs have been substantially stepped up in the last year, though I know the things the public mostly sees of our Shop Canadian program, for example, are billboards and signs, but I think it is important to understand some two million or so labels have been sent to Canadian manufacturers. The important thing is they are using the labels and putting them on their goods. That wouldn't have happened a couple of years ago.

The reason they are taking the labels and putting them on is they believe, obviously, that it helps the marketability of the same product they were making a couple of years ago. It is partly on account of what has happened to the dollar. I can't allow the Shop Canadian program to presume to take all the credit for that. You are seeing an increasing demand for Canadian-made goods partly because they are in a better competitive position and partly because we have assisted in expanding the market for Canadian-made products. And they are replacing some imports.

Mr. Laughren: But if they aren't being manufactured in the first place, how can they replace the imports?

Hon. Mr. Grossman: All sorts of Canadian products are being sold in greater quantities. That has increased the capacity, output and employment in a lot of those firms. Of course in those ways it is helping our trade deficit.

I think, too, that when you talk about things like the mining machinery show and the other shows we have had—we have had four or five of them in the last few months—you are talking about some firms that will begin to make products that they previously weren't making.

Mr. Laughren: Do you remember your submission to the GATT negotiators?

Hon. Mr. Grossman: Yes, I do.

Mr. Laughren: Do you remember the comments of your ministry on the structural deformities in the—

Mr. Hall: Mr. Chairman, on a point of order, are you controlling what is going on here, or is this going to go on forever? We have other things to do if this is going to continue.

Hon. Mr. Grossman: Let me make one or two more statements and Mr. Laughren will let it go at that. Literally all of our programs form the Employment Development Fund through the Ontario Development Corporation, which we might get to a little later, to our Shop Canadian program, our industrial incentive program and our trade missions, have been pointed precisely towards the problem of import replacement and increasing our exports in an effort to dent the very deficit you are talking about.

Mr. Laughren: It is not working.

Hon. Mr. Grossman: With respect, you won't see the impact of a lot of the things we have done for another few months. Whether it is capital expansion, whether it is plant expansion, obviously the firms are just in the process of gearing up to take advantage—

Mr. Laughren: They will be worse for next year.

Hon. Mr. Grossman: You may want to make the case that our trade figures are getting worse. It's quite a different thing to jump from that conclusion to the conclusion that we are not doing anything about it. I suggest to you we're doing a lot about it. Any specific suggestions you might have as to what we might be doing to further attack the problem—

Mr. Laughren: Do you want them now?

Hon. Mr. Grossman: Yes, I do. After my friends are finished, I really do, because I think we've quite sincerely tried very hard over the past year. We've really had every brain in the ministry working very hard to try to tackle that problem. The fact that in a short time frame we haven't substantially dented that trade deficit (a) doesn't mean

we're making no contribution and (b) doesn't mean that as time goes on you won't see those results. I really believe you will.

I'd only remind the member—we talked about this last time we discussed the trade figures—that the trade figures have in part been affected by the fact that the Canadian economy has been rather stronger than the American one more recently and that of course has meant we've been receiving more imports than the Americans have been receiving our exports. Finally, some of the trade figures for the third quarter of this year, I guess reflected a greater than usual import of production machinery.

Mr. Laughren: And a decline in exports.

Hon. Mr. Grossman: The decline in exports obviously was a function of the declining American market, which, of course, doesn't mean that our own programs here for import replacement were not succeeding.

Mr. Laughren: They're even more important, even more critical.

Hon. Mr. Grossman: I know you'll find this hard to believe but I can't control the American economy.

Mr. Laughren: Be serious.

Mr. Chairman: This is turning into a debate.

Mr. Laughren: It's supposed to.

Mr. Chairman: In fairness, there are five people here who want to speak and ask questions on the same topic.

Mr. Laughren: The minister does go on.

Mr. Chairman: I do not want to cut anybody off, but you've had 46 minutes now and there's not much time left. Have you anything else to say?

Mr. Laughren: I've got hours, but I'll stop now. I would like to come back to this.

Mr. Hall: In fairness, I think it should be pointed out that, as much as we like to hear Floyd ramble, he's not the critic for his party on this subject. His man has been here and taken several hours already on these generalizations.

Mr. Laughren: What's that got to do with it?

Mr. Hall: We can only absorb so much. That's partly what it's got to do with it.

In connection with the Employment Development Fund, how much is not designated this year for the pulp and paper industry? Is it \$65 million?

Hon. Mr. Grossman: Yes, that's correct.

Mr. Hall: How many outstanding applications are there?

Hon. Mr. Grossman: We've approved approximately 40 and there are about another 60 in the application form being processed.

Mr. Hall: You've approved 40? That's 10 more than you approved in the manufacturing section, according to the Treasurer yesterday. Maybe he's covered himself. He says 30 in the manufacturing sector. Would that be about right?

Hon. Mr. Grossman: Do you want to wait while I just confirm that?

Mr. Hall: No. It's 40 total; 30 manufacturing.

Hon. Mr. Grossman: No. I don't want you going back telling the Treasurer I have a different figure than he gave. Just wait a minute. Thirty-nine in general manufacturing.

Mr. Hall: Thirty-nine in manufacturing. In connection with this, since you have about 100 applications, do you have any standard printed shopping list, or requirement list that you treat them with when they come?

Hon. Mr. Grossman: We have a brochure.

Mr. Hall: Yes, but what about the variables that might rest in that? How specific is the brochure? I've seen your general little brochure, if that's what you're referring to. What I'm kind of interested in is the standardization.

Hon. Mr. Grossman: I'll get the brochure over here in the next 15 minutes.

Mr. Hall: I'm interested in the standardization aspects of the same treatment for all. That is the thrust of my question.

Hon. Mr. Grossman: Let me deal with that. You might be interested in how the applications are handled. David Girvin, who's head of our assessment and evaluation branch, is here, and knows. That's a very small branch which does all of that work for us. Perhaps David might take us through the kinds of things he looks for, and how applicants are treated when they come in.

Mr. Girvin: In the process, somebody would probably be phoning in or referred from a variety of sources. There would be initial discussion on the telephone about the size of the proposed project, the location, export-import replacement, the number of jobs in very rough terms, to find out whether there's a rough fit. We would schedule an interview with the individual client. At that particular meeting we would be talking about the broad objectives of the Employment Development Fund and the criteria the board was interested in.

We would be stressing the fact that we're trying to maximize the jobs, the job training,

the capital commitment and fixed assets over a five-year period; not a one-year period.

Because of the nature of the grant, which is the usual format, it is to the advantage of the client to have a large fixed-asset capital commitment over five years. Therefore, there's a fair degree of horse trading in trying to get a substantially greater commitment on capital and jobs, than otherwise might be the case on a one-year program.

There are some forms—not a great many—primarily skewing in on the market, import replacement, export, sourcing of the actual equipment, the market itself. We ask for information on indigenous competitors. We ask whether they've actually made a decision about their capital commitment. In some cases, you will find they've made an initial capital commitment in a board decision or in their own minds. However, there are subsequent capital decisions flowing from that at various stages over the five-year period.

We're interested in tilting that investment capital on the undecided capital decisions that are before us.

Mr. Hall: There's room for a fair number of judgement calls then, in effect, in the process of your negotiations?

Mr. Girvin: That's correct.

Mr. Hall: Depending upon what benefits you think you're going to get out of it for the province.

Mr. Girvin: And that you are attempting to negotiate as much as possible from those particular circumstances et cetera.

Through the meetings, the telephone discussions and the follow-up that occurs, eventually you come to some understanding about the final deal as proposed by the civil servants and the actual company, with perhaps some alternatives that might be suggested. If we feel it's appropriate that that proposal be presented to the Employment Development Fund board, it's written up in a submission format with that information, and it's presented to the board, which makes the final decision on amounts et cetera.

Mr. Hall: What's the batting average of applications to the board so far? Have half been turned down that you submit to the board?

Mr. Girvin: You're talking at the board level?

Mr. Hall: Yes.

Mr. Girvin: I would say approvals are probably three for one.

Mr. Hall: Do you farm any of the original work out to other ministries? If so, which ministries?

[9:00]

Mr. Girvin: There isn't any farming out per se. The Ministry of Agriculture and Food has responsibility for any food-processing applicants. The tourism program relative to the Tourism Redevelopment Incentive Program is being handled by the Ontario Development Corporation, under the auspices of Blair Tully. The pulp and paper program is shared by Duncan Allan, and is in a committee including the Ministry of Natural Resources and the Ministry of the Environment and Treasury, I believe.

Mr. Hall: What's the time frame, usually, for an earnest applicant getting in touch with you until the time it's wrapped up?

Mr. Girvin: I would say a month to six weeks. It's been as short as a week. That is obviously an ongoing question with the Ontario Development Corporation and ourselves, as it is with any financial institution. It depends on the scheduling of board meetings and, more important, what sort of information is available and on what format. There have been some interesting exceptions to that rule.

Mr. Hall: As soon as grants are made, are they announced publicly?

Mr. Girvin: I want to get into that. After it is approved by the Employment Development Fund board, which is a committee of cabinet, it is minuted to cabinet for final approval at the following cabinet meeting.

Mr. Laughren: Who chairs it?

Mr. Girvin: Then we send a draft legal agreement to the applicant, usually within 10 days, on the terms and conditions as they are understood by both the board and the client. Then we get into what might be called a post-negotiation phase, where, with all due respect, lawyers from both sides get involved. There is a crossing of t's and a dotting of i's.

Mr. W. Newman: That's where all our money goes: to the lawyers.

Mr. Girvin: They are in-house lawyers. The time frame can be quite long after there has been a board approval. In some cases, on crossing the t's and dotting the i's, some of them have been outstanding for three months. But the ball is placed within a 10-day to two-week period as far as the draft legal agreement is concerned.

Mr. Hall: What was the final time it might take when the lawyers are dotting i's and crossing t's?

Mr. Girvin: The time frame I was giving you, Mr. Hall, was referring to the approval by the board.

Mr. Hall: I appreciate that. But going on, past the approval by the board and cabinet being asked: after that—

Mr. Girvin: Do you want an average time frame?

Mr. Hall: Yes. It can be many months. Is that what you're saying?

Mr. Girvin: No. It can be a matter of two weeks, or it can be a couple of months, depending on whether they change their proposal, whether they increase the capital, whether their board or the owners of the company make changes as far as the particular deal is concerned, or whether the company lawyers want to try to modify the agreement.

Mr. Hall: I'm just trying to sort that out, because I was aware of one that started early last spring, so far as I know—possibly March—and I haven't seen any public acknowledgement of it as yet.

Mr. Girvin: Is this related to general manufacturing, Mr. Hall?

Mr. Hall: Yes. Moyer Diebel Limited. I just wondered if that is typical. Has there been an announcement? Do you have to make an announcement?

Mr. Girvin: There has not been an announcement on that. There have been two to three draft agreements and discussions relative to Moyer Diebel. You're correct that there was a board approval of Moyer Diebel assistance in the summer of this year.

Mr. Hall: A board approval?

Mr. Girvin: Yes. A three-man board.

Mr. Hall: One of your criteria is job creation. I'm given to understand that is your weighing of the merits of the program, you attach a grant range per job created.

Mr. Girvin: A rough benchmark.

Mr. Hall: Does it vary with what other benefits you receive out of that?

Mr. Girvin: You will find that some individual applications are capital-intensive, with not a great many jobs, but they might be skilled jobs. Therefore, when we're talking about rough benchmarks in a range of three to 10 per cent of the five-year capital commitment, that's a rough range of somewhere between \$1,500 and \$4,000 per job. Not everybody has all of the particular targets. Not everybody has regional aspects, or is involved in high-technology research and development, import replacements—

Mr. Hall: But that's your range, \$1,500 to \$4,000?

Mr. Girvin: As a normal range, as a rough benchmark.

Mr. Hall: That's known then, eh?

Mr. Girvin: Yes, that's in the brochure.

Mr. Hall: So an applicant at the beginning should be made aware of that by you people?

Mr. Girvin: That's correct. That's in public literature, of which 1,400 copies have been distributed among the general public.

Mr. Hall: When you grant money to different companies, is there any consideration whether the new operation will be union or non-union?

Mr. Girvin: No.

Mr. Hall: That doesn't enter into your reflection at all?

Mr. Girvin: No.

Mr. Hall: The reason I asked, and it's not a big point, is that an employee at Hayes-Dana Limited tells me the Barrie operation is non-union. Their operation in the Welland-Thorold area had been union. In some people's minds it stands out as a question as to why they left. There might have been other reasons why they left Niagara instead of expanding further there.

Mr. Girvin: In the discussions I had with Hayes-Dana Limited, that did not come up. Basically, that was a competition among the sister divisions of the parent company for that axle product mandate. The major discussions we had relative to the Hayes-Dana Limited application were on the discount of cash flow, return on invested capital and other financial concerns in competition with the parent company on a pool capital decision.

Mr. Hall: In that case, what about a strong Canadian research and development commitment, independent Canadian management and return of investment to Ontario—not even mentioning, of course, Canadian ownership?

Hon. Mr. Grossman: Mr. Chairman, as I said to Mr. Laughren, in view of the fact that we do the assessment and the evaluation and send it on to the board, and the actual disbursed funds appear in the Treasury estimates, any of the specific questions you might have on a specific application, quite seriously, do belong in the Treasury estimates.

I might say, so you won't be misled, in the event you raise those questions in the Treasury estimates, you'll find some of the questions you ask will get to the point where you will be asking us to give you information which must be kept confidential in terms of the competitive position of that company as against some others.

Mr. Hall: I respect that area to a certain extent but, at the same time, these are the goals we hear, and it seems to be a fair question to find out how you apply those goals. That's my point.

Hon. Mr. Grossman: I understand that.

Mr. Hall: This is the section where you apply them, as far as I know.

Hon. Mr. Grossman: For example, we can talk about the number of jobs created, the amount of the fixed assets, the amount of the firm's capital investment and those kinds of things. But it becomes a difficult area when an applicant is required, as a term for getting the assistance, to tell its competitors what the imported component of its products are and how much they are going to begin to source in Canada. It doesn't become too difficult to learn a heck of a lot about your competitor's operation. I'm sure you will respect our concern on that.

Mr. Hall: I can understand that general point.

I have one more question I want to ask you. In the fund—and I hope you won't redirect this to Treasury—how many dollars are left until the end of March in the \$65 million you set aside for this year? Companies have faced this off-and-on, start-and-go problem with ODC loans where they run out of money early in the year and you're embarrassed to say, "We think you've got a great idea, but we can't do anything for awhile." What's the situation with this aspect of your industry program?

Hon. Mr. Grossman: We have available for further commitment about \$65 million left in pulp and paper and about \$25 million left in the other half of the fund. Our estimate is that will be sufficient to get us to March. We keep one eye on the amount of money we've already spent and in which sector, and how many months we have to go to the end of the fiscal year, when we deal with the applications. Each meeting of the EDF board commences with an analysis of our cash-flow position, how much we've got left and where we have given out the money so far, both by region and by sector; so that we monitor the flow of funds pretty carefully.

Mr. Hall: Of that \$115 million you've given out, by my numbers, and with \$85 million left, is that all at the point of public announcements so far?

Hon. Mr. Grossman: No. Our approved amount is \$85 million, and our announced figure to date is—

Mr. J. A. Taylor: Don't confuse commitment with cheques.

Hon. Mr. Grossman: I never do that. In general manufacturing grants, the amount is \$5.6 million. In pulp and paper, one for \$7 million has been announced and one guarantee for \$4.3 million. Those are the announced figures.

Mr. Hall: How much has been funded out of this \$200 million in the estimates for the current year? Will it be funded in this current year?

Hon. Mr. Grossman: None are in our estimates, and I understand all of the commitments will be funded in this current year's estimates. When we get to Treasury, you'll discover all that \$165 million finally allocated to EDF will be disbursed in this fiscal year.

Mr. Hall: You're making the point, in passing, that the final level is \$165 million and not \$200 million?

Hon. Mr. Grossman: Yes.

Mr. Hall: Just to understand, does Treasury or you evaluate the application?

Hon. Mr. Grossman: We evaluate the applications. All the basic ground work and negotiations with the firm are done by David Girvin of my evaluation and assessment branch. Before it goes to the board, there is a discussion with Treasury staff; so they've been able to assess it. Further discussion is had with the staff of my colleague the Provincial Secretary for Resources Development (Mr. Brunelle). The staffs of all three ministers sitting on the Employment Development Fund board are involved.

Mr. Hall: Does your staff then make the recommendation?

Hon. Mr. Grossman: An analysis and a presentation are made.

Mr. Hall: You stop short of the recommendation?

Hon. Mr. Grossman: That's correct. We ask them predictable questions at the board, if they have left anything out. Obviously we want to get a firm reading on the intent of the company to locate, the extent to which the management we would like to see, and so on.

Mr. Hall: That completes my questions on EDF.

Mr. W. Newman: Mr. Chairman, I would like to ask the minister one or two questions. Now that the moving force behind this great, capable ministry is here, I'm sure he will be well able to answer all the questions here tonight.

Hon. Mr. Grossman: Do you mean my deputy, my wife or my driver?

Mr. W. Newman: I'm talking about your wife.

There are a few things I would like to say. Whether it's the small business we're on, the EDF or ODC, whatever it may be, what you are doing in your department is great, but I don't think you go far enough because I don't think you take enough risks. [9:15]

Believing in the private sector as I do, I think you should be taking more risks. You may lose money and you may come under criticism from those people behind me, but I would point out there are good risks.

I am very much concerned, and I will give you a couple of examples to illustrate my concern. You talk about exports and about import replacement. When I talk about import replacement, I talk about an industry that can be a \$40-million import replacement; I refer to the peanut industry, which we have talked about before. But the private sector, because of red tape and concerns from your department, has gone ahead on its own and is building its own plant. I worry about the small, private entrepreneur who has the opportunity to take a small business in this province and turn it into a large business.

I am not criticizing you when I say this, but we have a potential for export of certain commodities. I am not going to get into specifics tonight, because I have written you about them and that is the proper way to deal with them. A particular company has a major export business and wants to develop in 1981, but it has to make its plans now. There is great potential in the export business, with the differential of the dollar, and that's fine. That may change and may create problems for you down the road, but at this point that's great.

As far as import replacement is concerned, we have all kinds of potential, and there are judgement calls to be made by your people on recommendations to you. That's fine. Those judgement calls have to be made. But too often we forget small entrepreneurs who want to start a small business, to expand a small business, to fix up their facilities, and to fix up their processing operation, and many times—I mean no disrespect to you or your staff—are not very big businesses and they get frustrated with the red tape involved.

Those who would like to get into small businesses and ones that have a chance for expansion, for exports or import replacement, are very important. Maybe they want only \$100,000 or \$50,000, which may not sound

like very much to start with, but I am concerned about that. It is nice to give out \$75 million, \$85 million, \$25 million or several million dollars but a lot of these people have potential and some of them have their own equity, and some of them have their own equity, to meet the criteria.

It is time we started to look more at some of these small entrepreneurs who are prepared to make products for export or to develop industries or processing operations for import replacement. It all boils down to the fact that there may not be enough equity in those companies but, whether it is small business development or the ODC, you do lose money from time to time. In order to get those businesses started, you have to look at that phase of it. I realize you will be criticized by some for doing that, but there are all kinds of potentials in this area.

I get tired of people saying, "There is no potential in this province or this country." I disagree. There is all kinds of potential. But a small businessman has some fear about coming before your board and having to set up prospectuses and so forth. This does concern me a little. I am not talking about the big ones like Ford, or the pulp and paper industry, or the other ones. Those are different situations. We should be looking at a lot of smaller entrepreneurs in a small way, to see if they could get some help, rather than saying to them, "You don't have enough equity and we don't think it is going to work," and, boom, that is the end of it.

You should be prepared to gamble with taxpayers' dollars—which are my dollars as well as anybody else's dollars—to try to develop some new industries or import replacement or export industries in this province. I would just like your comments on that.

Hon. Mr. Grossman: I appreciate those comments. I think they reflect some of the things I, together with my new staff, have been trying to bring to the ministry.

I should point out to the members of the committee that nine of the 10 senior people whose names you see on the ministry chart are new from September 1978—

Interjection.

Mr. J. A. Taylor: No, it is a renaissance.

Hon. Mr. Grossman: Yes. Why didn't I think of that word?

Mr. Laughren: By the way, did you see the rack outside? All those topcoats look like they are government issue. Do you issue those in Industry and Tourism?

Hon. Mr. Grossman: All those khaki coats that make me think I am just outside parking.

Mr. Laughren: They are all imported, too.

Hon. Mr. Grossman: Which reminded me of one of your caucus meetings.

Mr. J. A. Taylor: Don't you see the holes in the backs of them?

Hon. Mr. Grossman: In any case, those reflect some of the things that my staff and I have been trying to accomplish. For example, last February or March we quite intentionally changed the focus of ODC. We pulled it down from a maximum of \$500,000 to \$250,000. We realized that 85 per cent of the case load of ODC was small businesses. We thought it would be better to leave the medium and larger businesses to the Employment Development Fund and concentrate our field staff on the small businesses; so we pulled that down to \$250,000.

Mr. W. Newman: Is that the maximum loan?

Hon. Mr. Grossman: Yes, that is the maximum loan. The exception to that is our export support loan program, which is quite consistent with what you were saying. We left that at \$500,000, and we now are reviewing whether that might go up, because we do feel export support is one of the areas where the financial institutions have not been as helpful as they might have been. It is an area where we want to help small business particularly, and we would have to go up to \$500,000 to do that.

What we have done with ODC, as well as pulling the limit down and focusing more on small businesses, is to try to use our existing resources better. We have moved into more bank guarantees. The Treasurer has been kind enough to effectively take the ceiling off our guarantees so that, for all intents and purposes, we can make as many guarantees as we like; so our field staff now is more oriented to ODC board approval.

Mr. J. A. Taylor: Yes, but surely there has to be some limit, because there is still that obligation outstanding if you are backing the loan.

Hon. Mr. Grossman: The maximum guarantee we can make is \$500,000, if that was your question.

Mr. J. A. Taylor: Yes.

Hon. Mr. Grossman: Sorry. The maximum guarantee we would make on any single one is \$500,000 through ODC.

Mr. J. A. Taylor: But in total?

Hon. Mr. Grossman: In total, essentially we are told by Treasury that for the time being we can see how much guarantee business we can do; effectively, we are okay to go to a \$45-million ceiling on guarantees

and, should we go higher, I suspect we would have no problem on that count.

So if you look at what ODCs have traditionally been able to do, and realize that this year we are at the same funding level as we have always been and that we have a guarantee that is now up to \$45 million, you will realize that we really have a great deal more scope than we ever had, particularly in view of the fact that we don't have situations where one or two large ODC loans are taking up \$1 million or \$500,000 at a time.

Mr. J. A. Taylor: What edge do you get on the interest rate with the government backstop?

Hon. Mr. Crossman: We might get into that in a moment on the ODC vote. What we are doing is working with the banks to help small business. A lot of small businesses used to come in to us as soon as they visited their bank and their bank said "No." They would come to us as a lender of last resort; we would look at the letter and say, "Okay, you are qualified," assess it under our criteria, and they would get a direct loan.

Now our field staff are taking those small businessmen back to the bank, saying to the bank, "Listen, we are prepared to guarantee this under certain terms and conditions." A guarantee is worked out, as we will see when we do get to the ODC vote. The interest rate they end up paying at the bank is not much different from the interest rate they were paying to us on an ODC direct plan. So we have succeeded, without using any more taxpayers' money, in expanding a great deal our assistance to small business by working with financial institutions.

The second thing we have done is to equip our field staff to have a better awareness of the federal programs. We discovered that about half the small businesses in Canada are located in Ontario. Only 11 per cent of the Small Business Loans Act action was coming to Ontario. In other words, only 11 per cent of all the money that was going out under the SBLA, where the banks are direct agents for the federal government, was coming to our people.

We met with the banks, and I myself met with senior officers of the banks. We discovered some of the reasons that was occurring. One of them was the difficulty in the way the federal government had structured the program; that was changed just a few months ago, before the summer, which made it more attractive to the banks. We also encouraged the banks, since they then found it to be profitable or sensible business

for them, to promote the federal SBLA program a little better, and at least one major bank has begun to do that very aggressively. Our field staff too have been promoting the SBLA program for the first time, very effectively; that too has made more money available to our small business people in Ontario.

The Federal Business Development Bank again is a source of federal funding which we haven't always been equipped to send our people to. Now our field staff, instead of saying, "You don't qualify here," and sending someone away, are saying: "We have heard what you said, you don't quite fit into the ODC type of thing, but you're the type of client the FBDB is looking for. Come on down with me to the FBDB." We are taking them to the FBDB and working with them. Of course, many people who go to the FBDB, for example, are not looking for credit or a loan; some of them are looking for some equity, and that is what the FBDB is equipped to do.

We have done those kinds of things. What else have we done, using ODC, for small business? I have said I'm concerned that our loss ratio—which is pretty low; it's five to six per cent—is so low, and I'm wondering if it doesn't indicate we ought to be taking more risks rather than fewer.

To accomplish that, we made some changes in ODC; there's no question about it. We frankly brought the ODC closer to the ministry than it had ever been. As you will know from your previous responsibilities, ODC traditionally operated rather at arm's length from the ministry. There's a board out there. The board rather jealously guarded its position and reached its own decisions; it still does.

What we have done is we have made some changes in ODC. First, Blair Tully has joined us from Treasury. He's now chief executive officer of the development corporations. That's an important change. Blair was one of the senior policy people at Treasury. We brought him over to be one of our senior policy people as well as running the ODC. The reason for that is we want ODC to begin to reflect our priorities and strategies for industrial and small business development and for tourism development in the province.

Blair now goes to the board, and I've begun to attend board meetings on a regular basis; so they're plugged in to the advice we're getting from the policy and priorities branch of my ministry. They are also plugged into the strategies we're developing, and particularly many of the things we're learning as we handle the Employment Development Fund. As a result, there is a much closer

working relationship between the goals of Industry and Tourism and what ODC is trying to accomplish. That has made quite a big difference for small businesses.

The other point I would like to make is that, to help small business, we have consolidated our field offices. In some municipalities in the province, you had three different offices: You had an ODC office, an office of my industrial development officer, and a tourism field officer from my ministry.

We have now consolidated our offices so you no longer get a situation where a small businessman is contacted by one of my field staff people on his regular calls, of which we make about 10,000 or 12,000 during the year, and in making that call to his small-business client discovers there is a need for some financial assistance. He might take all the information and say, "I think you should see our ODC representative in this area." He then used to send him to an ODC officer in the same city, maybe in another office. He would go and see that person and the small businessman would start the process all over again.

We have cut that out so our field staff is combined into one office, ODC, tourism consultant and our industrial development officer. They are all working together as one team in the various municipalities throughout the province.

The other thing we wanted to do was to shorten the time frame. In the case of EDF applications, Dave Girvin's division has only five people and there isn't a lot of paperwork; a lot of the work is done in direct telephone and face-to-face negotiation, not a lot of forms.

On the ODC side, we're now in a situation where Blair Tully has the authorization to approve loans of under \$50,000. That saves a lot of further paperwork along the line.

Mr. Eakins: Do any referrals come through the Peel staff?

Hon. Mr. Grossman: We might get to that when Blair is up on the ODC thing. He will be in a position to give you the ratio on that.

That short ends the circuit of the process. Also, we've found a way we can solve a problem we used to have with the boards meeting once a month. If they finish dealing with our ODC consultant, and the consultant is recommending it for approval, that might occur on the day after the monthly meeting and the small businessman would wait a full month until he got approval by the board. Nothing would happen to the application in the meantime. Then the board would refer it to cabinet for final approval.

We have found a few ways we can do that a lot more efficiently, and those kinds of things are being done in a week where they sometimes used to take six weeks from the time the ODC field consultant was finished with them until the cabinet ultimately approved them.

Mr. Hall: Just for clarification, Mr. Minister: You have used the term "small business" a great deal. Could you be a little more specific so I can get this picture a little more clearly as to what you are doing? What is small business in your mind?

Hon. Mr. Grossman: It is firms with fewer than 100 employees. In terms of the ODC programs, we don't exclude firms that have more than 100 employees, but the focus there is on the size of the loan they are seeking: \$250,000 or less.

I want to conclude the statement I made earlier in response to Mr. Newman. What we are doing in the case of both the EDF and the ODC is trying to take more risks than ever before. I do agree, and we said this when we started the EDF in the House, it means that the Treasurer and I will be up on occasion trying to explain why one or two of our rather major loans or grants did go awry. We are going to have to stand up and explain why some of them didn't go as well as we had hoped. But we made the decision to take the chance.

You might be interested to know we now have three cases, one of which has been announced under the EDF, which are of the category you are talking about—small-business people—and given a great deal of assistance from the EDF. It's touch-and-go as to whether that firm is going to score heavily and become a big winner. We did gamble on those.

The other point I'd like to make is that because I have used the word "winner," saying we wanted to support winners, the world has the perception we are talking about supporting only firms that are already winners and already big and strong. What we really mean, and what I should have been a little more careful to point out, is potential winners; we will be looking at the longer term to say, "Although this firm perhaps isn't terribly strong today, does it have a product, some technology or a new marketing strategy that will make it strong four years from today and make it a winner in 1985?"—long after I am around to answer for it—rather than taking a more traditional approach and saying, "Here's a firm that's going to go under; let's throw some money at it so it will be there for the next couple of years." We really

meant to be more careful and to say "potential winners" rather than "winners." I thank you for those comments.

Mr. Riddell: Mr. Chairman, would you permit me to bring up a specific case in this same vein to try to prove that the minister's response about taking more risks, and the practice that's actually followed by his ministry, amount to two different things?

Hon. Mr. Grossman: No, we wouldn't allow you to do that.

Mr. Riddell: I am referring to Archer Farms Sales and Services Limited, a business started by a small entrepreneur in Vanastra, the phased-out air base in the county of Huron. He is known to put out some of the best barn equipment you will find anywhere in Canada or the United States. It's my understanding that he does export a large amount of his equipment to the United States.

He wanted to expand. He made application for something in the neighbourhood of \$200,000.

Hon. Mr. Grossman: Where? To the ODC?

Mr. Riddell: I believe that's where he made his application.

Hon. Mr. Grossman: Mr. Chairman, we can deal with that now or we can wait until the ODC vote.

Mr. Riddell: I'm just saying you are not prepared to take risks, because he was turned down. If you are going to try to attract new business and retain business in this province, then you have to do something different. This chap, because of the equipment he manufactures, was offered a location in one of the states. He was offered five years free of federal tax and 10 years free of state tax. He was offered a building—just the kind of building he needed—at a rate of eight per cent interest, and up to 75 per cent of the working capital he needed. He could hardly turn down that offer.

He came to me and said, "What is the Ministry of Industry and Tourism prepared to do to see that I am able to expand my business to meet the export demand of my product?" I got hold of ODC. They sent somebody out to see him, but the end result was they weren't prepared to take that risk. They weren't prepared to grant him the \$200,000 he needed to expand his business and create employment for another 25 people.

This is the type of small business Mr. Newman was alluding to. This entrepreneur was manufacturing a product with great demand in other countries, and yet we are prepared to see him relocate into one of the

states. I believe we have lost him now. He is winding up his business and likely he will be heading south.

You are not taking the risks. Can you come back to me and prove you have tried to render some assistance to this small businessman, who is running a good business in Vanastra and employing people? Believe me, we are an industry-poor area in Huron. We need industry, we need people like this and yet we can't seem to get the assistance we need.

Hon. Mr. Grossman: We will try to get to it. I take it you are suggesting we should have given him the \$200,000 grant?

Mr. Riddell: Yes, I am suggesting that.

Hon. Mr. Grossman: A grant or a loan?

Mr. Riddell: No, I meant a loan. Did I say "grant"?

Hon. Mr. Grossman: Yes, you did.

Mr. Riddell: All he was doing was asking for a loan.

Hon. Mr. Grossman: I thought I had trapped you into favouring an industrial incentive grant there to keep a firm in this country going.

Mr. Riddell: If I said "grant," I meant "loan." I don't think he was looking for a handout. He was just looking for a loan.

Hon. Mr. Grossman: I am going to ask Blair Tully to deal with that. As always, he has the specifics of the case. For one thing, you'll discover he wanted not \$200,000 but \$547,000. Perhaps Mr. Tully can respond to that specifically.

Mr. Riddell: Maybe there is more to it. I don't know; I'm just going by my knowledge.

Hon. Mr. Grossman: It's conceivable.

Mr. Tully: The company in question, Archer Farms Sales and Services, has been a client of the development corporation since 1976. We extended a small business loan to them at that time of \$70,000, and the outstanding balance at the present time is something in excess of that, largely because of problems which began to befall the company in January of this year.

Up until that point, they were a rather successful company and one that we, basically, were having no trouble with, but in the spring of last year they made a major change in their process, and their major downfall can be attributed to the fact that they didn't have the management ability to undertake that conversion. As a result of that, the company has incurred about \$100,000 in losses since the beginning of this year.

As the minister said, they came to us, to the EDF and to the FBDB, looking for

\$547,000 to undertake a conversion. Mr. Archer, the principal in the company, at a meeting in November, requested that we appoint a receiver-manager to take charge of the company.

Mr. Laughren: No risk capital.

Mr. Tully: On his request, we undertook to put in a receiver-manager. We undertook to make a protective disbursement to cover the payroll for the employees on the same day, because the bank had refused to extend any further money. We have subsequently arranged for a receiver, and he now is in place.

Mr. J. A. Taylor: I'll bet he didn't tell you that.

Mr. Riddell: No, no. He said he wanted \$200,000. I had no idea his business was faltering in any way, because I had heard, not only from him but also from others, that he put out a good product, that was meeting a fair demand in the export market. Is that right or wrong? Do you know?

Mr. Tully: It's fair to say that Mr. Archer and his company were putting on a fair product up until the problems of their conversion from galvanizing to an epoxy coating for their products. That's a conversion they undertook in 1978, and management was apparently unable to follow through on that conversion, and they began losing substantial amounts of money.

Mr. Wildman: Mr. Minister, I have a couple of questions with regard to the EDF as it applies specifically to the resource industry and your criteria for making assessments in that area. I wonder, if that is in order, whether you can give me some comments. I don't want to ask about any specific loan or grant, but I am interested in the pulp and paper section and whether you can tell me how many loans or grants have been made in that sector and the total amount. Is Spruce Falls the only one you have done, or have you done others?

Hon. Mr. Grossman: In the resource industries, by the end of this week we will have announced about \$25 million worth, which will bring about \$200 million worth of private capital investment.

Mr. Wildman: Okay; and that works out to how many different firms?

Hon. Mr. Grossman: That would be three.

Mr. Wildman: Three firms?

Hon. Mr. Grossman: Two pulp and paper, and one waferboard.

Mr. Laughren: No iron ore mines?

Hon. Mr. Grossman: No applications yet.

[9:45]

Mr. Wildman: I want to get to that in a moment. I find that rather interesting, because I know Spruce Falls was one of the recipients. Not long after the federal program for the forest industry and the various announcements of provincial programs and the EDF, I read with a great deal of interest the speech that was given by the president of Spruce Falls. As a matter of fact, from where I sit, I found it to be a very interesting speech.

Hon. Mr. Grossman: Did you agree with it?

Mr. Wildman: No. But when I was reading it, I thought I had finally found an unreconstructed free-enterpriser. He gave a very great plea and went on for pages in a little booklet—maybe they sent it to all members; I don't think he selected me as the only one he wanted to send his speech to.

Hon. Mr. Grossman: He thinks very highly of you.

Mr. Wildman: He went on and on about the virtues of the free-enterprise system and the free working of the marketplace, and he pointed out that the pulp and paper industry in general and Spruce Falls in particular were doing very well with the various changes in the market situation in the United States and so on. I wish I had the speech with me.

At any rate, he went on to state that there were needs, certainly for modernization in the industry in Ontario and, again, for changes to deal with environmental standards and so on. He made the point—very emphatically, I might say—that his company had the wherewithal, both the financial and managerial expertise, to carry this out on its own and it would continue to make a profit. He said they didn't need or want government intervention in the marketplace which might give one company an advantage over another and so on, and he desired that we have a return to the true free-enterprise system.

I thought: My God. Finally, I have found a guy who will stand up and make an argument for the operation of the market and for free enterprise. Perhaps I have found a real Tory; not one of those so-called red Tories, where when you mix the red and blue, and you get a strange colour: purple."

Hon. Mr. Grossman: Better than pink.

Mr. Wildman: Well, I don't know. At any rate, this is the kind of guy I can understand and argue with. He has got a straight, well-stated, ideological position that I understand. I don't agree with it, but I understand it: an honest, straightforward position. Then

it all fell like a house of cards at the end, on the last page of his speech. After making this argument for his company being able to get out there and compete and being able to make the technological changes necessary to continue to make a profit, the president of Spruce Falls then said: "But if these programs are in place, and if other companies are going to apply for them, then we had better take advantage of these programs in order to remain competitive."

That I found very disappointing. Here we had a situation where this straightforward free enterpriser had somehow been subverted by your program. He had somehow fallen prey to the seduction of the EDF. It made me a little sad that we had this happen to this gentleman who obviously had been ready to stand by his convictions and defend free enterprise.

Hon. Mr. Grossman: You weren't sad; you were delighted.

Mr. Wildman: It was really saddening to see that this individual, who obviously had been brought up in the 18th or 19th century, had somehow been torn away from his moorings and set adrift in the mixed economy of the 20th century.

After that introduction, Mr. Minister, I would like to know how you feel about your position and the position of your government in, shall we say, tempting these honest and straight-forward free-enterprisers away from the straight and narrow of the free market to stretch out their hands for these illicit EDF funds?

Hon. Mr. Grossman: May I first congratulate the member on the phraseology he picked up at the convention over the weekend? He used it well, and I hope it lasts. It certainly eats up time.

If I might, I would ask Dunc Allan, as the chief seducer, to answer that question. We don't use the EDF to seduce. Let Hansard get that accurately. We do not use EDF to seduce free enterprisers—socialists, least of all, or anyone else. We have other tools to do that. We have other things to seduce people with.

Mr. Allan: Mr. Wildman, I don't know whether you're fully familiar with the background.

Mr. Wildman: I think you're familiar with the speech I was referring to.

Mr. Allan: I'm familiar with the speech and with the company. I don't know whether you're familiar with the parent company in the United States, Kimberley-Clark, which was not quite so pure in its philosophy; it took a nice handout from the state of

Michigan to build a new mill which met environmental standards, regional location considerations and so on. Maybe the Canadian subsidiary was about six months behind the corporate philosophy at the time that speech was given. That's the first point.

The second point is, we actually got them to do a lot of things they weren't going to do in terms of environmental cleanup, capital commitment, covenants and one very important one, which you'll begin to see in that area, exacting an 80 per cent Canadian content for every dollar they spend; that goes out on every purchase contract and every amount. We have a strong covenant asking them to deliver at least 80 per cent manufactured, serviced, or supplied in Canada. That is something that didn't necessarily happen; companies didn't commit themselves to that program. It is a strong attachment to our particular funding, which was about \$7 million on a program of \$85 million.

It not only executed or anchored a commitment that had been made in the past, by the way, by Spruce Falls Pulp and Paper Company—the capital commitment that hadn't been delivered because of temporary markets and so on—but also it got a mix of capital, jobs, Canadian content and marketing that is going to make that company in Kapuskasing a strong contender for many years to come.

Mr. Wildman: I appreciate that response in terms of the criteria used for the program. I understand Mr. Allan's approach in this.

Mr. Allan: Irresistible logic; no seduction.

Mr. Wildman: I don't want to prolong this, but in terms of his speech, a very logical argument was presented by the president. The intrusion of illogical turn came on the last few pages, where he suddenly switched and said, "If other companies are going to be eligible to get these funds, we had better go after them too in order to remain competitive."

Hon. Mr. Grossman: It sounds like that breakfast they had for us. Remember that? Were you there?

Mr. Wildman: No.

I wonder if the government would be a straightforward as the president of Spruce Falls, who I don't think was particularly straightforward in his speech. After reading it, and after I got over my initial disappointment and started analysing it, I came to the conclusion it was sort of a mea culpa, a excuse or preparation for explaining to his free-enterprise friends why he was going to go around with his hand out. Maybe that's wrong; but that is the impression I got.

haven't had the opportunity to discuss it with the gentleman.

I would be interested in looking at the other major resource sector in northern Ontario for a moment. I notice you said you had a waferboard plant. Which company was that?

Hon. Mr. Grossman: We can't deal with that one yet.

Mr. Wildman: All right. Then let's go to the other one. I would like to talk a bit about the mining industry. Have you had any applications from the mining industry?

Mr. Girvin: There have been no major mining companies. Initially, there were a couple of small prospectors in the busy days of general phone inquiries when it was first announced in April.

Mr. Wildman: I would like to find out how this process begins. Correct me if I am wrong, but my impression is that basically you announced the program, and you have gone around to the various industries and said: "Look, this is what we are thinking about. If you have a proposal for expansion and it will mean increasing jobs in Ontario, come to us with a proposal." Is that a fair description of how the process works?

[10:00]

Hon. Mr. Grossman: I might give you a brochure we have just had prepared. The brochure will indicate the objectives of the fund. It is a fair guide to the kinds of things we're trying to accomplish with the fund. There is no question that, by virtue of the budget statement and some speeches we've made throughout the province, a lot of people are calling to find out what it's all about.

Mr. Wildman: The reason I asked that specifically is I was wondering if there is any more of an aggressive approach. I realize you said it's irresistible logic and not seduction. I hesitate to use the term, but I wonder if there is any soliciting involved. For instance, I wonder if you would go out and say to a company: "We think there is an opportunity for you in this area. We think there is a possibility of expansion in this particular area. There is room, for instance, for import replacements, or whatever, in that particular area," or: "We believe there is a market in Ontario for this particular raw material or manufactured product. We'd like you to go and look at that and then perhaps make a proposal if you think there is any viable room for expansion of your plant."

Hon. Mr. Grossman: Yes, we have industry sector branches within my ministry. They have said to several firms, from time to time

within their industry sectors, that they felt a specific firm might be an appropriate candidate for the Employment Development Fund because it was on the verge of an expansion, or had a product which could get a good foothold in the marketplace, but the company was undercapitalized or just didn't have the leverage to make that advancement. They would solicit, literally, within that company and say, "Hey, you seem to us to be a logical candidate," and they would send them along to Dave Girvin's branch.

As well, some of the steps we've taken in the tourist industry with our TRIP program under EDF is another specific advancement of my ministry.

Mr. Wildman: In terms of the mining industry, who would be the main agent for the government in this process? Would it be your ministry or the Ministry of Natural Resources?

Hon. Mr. Grossman: It would be the Ministry of Natural Resources, as is Agriculture and Food, for example.

Mr. Wildman: If you can't answer this, fine, tell me. We all know that the Caland mine shut down in Atikokan last week. That's 140 jobs lost on top of the previous 600 jobs lost with the closure of Steep Rock mines. In the same area, or not too distant, we have had the potential for expansion at Bending Lake and Lake St. Joseph which we have been talking about for 10 years now.

There certainly is a viable steel industry in Ontario. It's one of the few industries, if you look at it, where we have a Canadian-owned industry. It's a high-technology industry. It's one that is doing very well. The profits are good. There is an expanding market for the product.

We're in the rather ironic situation right now, in terms of other sectors of our economy, in comparison with other sectors of the economy, where we have a manufacturing industry with a product that is being exported as well as being produced for our own market, and it is moving more and more towards the importation of raw materials, rather than using the raw material that is available in our province.

I know there have been arguments from Stelco and Dofasco, for instance, that the resource in Ontario, especially in northwestern Ontario, is too high in sulphur content and is not the kind of ore they would like or wish to use. I understand they could convert to the use of it for an investment of something like \$800,000 for a coke oven.

Algoma Steel in Sault Ste. Marie, which is in my area and which has the capacity to

use that kind of ore, get 40 per cent of its ore from its wholly owned Algoma Ore division in Wawa, which has that type of ore. They have the capability. They also, of course, own the majority of shares in Steep Rock. They closed that down even though there was more ore available in the area.

In fact, Algoma Steel has the rights to Bending Lake and Lake St. Joseph, which they have chosen not to develop. Instead they have gone to Tilden, Michigan. Starting in 1972 or 1973, they made a major investment in the Tilden mine in Michigan because they felt it was cheaper to transport the ore from Michigan to the Sault. That may have changed with the change in the dollar, but they are stuck now—they probably wouldn't say "stuck," but they have a major investment there—and they don't wish to walk away from it the way they walked away from Steep Rock.

At any rate, we have a town, Atikokan, that is shutting down. It is almost inexplicable to me. We have a major ore body in our province whose economy is based largely on natural resources. Many of us in this House have been arguing about it for so long, saying it's terrible the way we just take our natural resources and ship them out someplace. We have a market right here, a Canadian-owned manufacturing base which can use this product, and they are shifting to the United States.

I wonder, under the Employment Development Fund, if this Atikokan is a great place for you to latch on to and say: "This is a place where we are going to show Ontario that we can do something to provide jobs. We can prevent a one-industry town from going down the drain."

Mr. Hall: Is that close to Minaki?

Mr. Wildman: It's on the way.

Mr. Hall: There's a lot of money going down the drain there.

Mr. Wildman: Yes, it would be nice to see some of the money that was spent in Minaki spent in Atikokan. But, at any rate, I'm not talking about spending some money in there. I'm talking about an ore body that is developable; the technology could have been developed—some kind of slurry pipeline could have been developed; they've got 10 years to work on it.

Is this an active fund? Basically, that's what I'm asking you. Does your ministry, or does the Ministry of Natural Resources, go to the company and say: "Look, we've got an ore body that we think should be developed in this province. We want you to look at that and at the kind of money that would be re-

quired to develop slurry pipeline technology to transport that ore to your pelletizing plant at Atikokan so we could have development and jobs in this province"? Or is it simply a reactive type of thing so that if a company wishes to develop something on its own and comes to the minister with a proposal, he says, "Yes, we'll look at it," and he analyses it and says, "We think it's viable," or "No, we don't"? I know you're doing it in the pulp and paper industry. That's why I started off with this.

Mr. Hall: Let him answer the question, Bud.

Mr. Wildman: The government has made an honest decision on its part, that we must have moderization in the pulp and paper industry and that we want to have improved environmental controls. They've said that to the industry. That's an active approach, as far as I'm concerned. Then they've said, "Okay, we're going to back that up with some money." Have they said anything to the iron ore industry or to the steel industry, like: "We want you to develop those deposits. We'd like you to look at it seriously and to make some proposals to us"?

Hon. Mr. Grossman: I don't want to pretend to be an expert in the situation in Caland mine. We have had some involvement. The Ministry of Northern Affairs is the lead ministry at this time in terms of seeing what we can do in the current situation. We are working, together with the Ministries of Labour, Natural Resources and Northern Affairs, to try to see what we can do to alleviate the situation at Atikokan.

I won't repeat a lot of what you've already heard and reported faithfully. Some of the solutions you talk about, in terms of putting some money in at this time, leave some questions open as to whether that would be as secure a long-term investment as some of the other things we look for. There is, as you know, a glut on the market of iron ore—an extreme glut—and that has affected the situation at an earlier stage than was anticipated.

All of our people who have been working with the Ministries of Northern Affairs and Natural Resources are well aware that, if anything, we are making an extra effort to make the Employment Development Fund moneys available to situations where we can take a difficult proposition and turn it into a long-term winner. That is a mechanism that is open and well known to the people who are working in Atikokan on a day-to-day basis, through the Ministry of Northern Affairs, and, I presume, to the company. They have been the ones talking to the company in terms of solv-

ing the problem. It is my understanding that whatever amounts of money we might make available to the company in that situation will not turn that proposition—at least in the opinion of those involved.

Mr. Wildman: Are you talking of Caland itself?

Hon. Mr. Grossman: Yes. That is my opinion, because I don't propose to be an expert in it. I will not turn that into a profitable enterprise on an operating basis.

One of the things I heard was, if that \$800,000 investment you've referred to were put in, the amount of activity that would have to go on to justify that investment over the required payback period would be so intense that it would, essentially, deplete whatever resource there was. I'm not sure, offhand, how many years are left in that location, but it would mean they would be working at such an intense level of activity that you would be right back into a situation—

Mr. Wildman: On a point of clarification, Mr. Chairman: The \$800,000 I referred to was what it has been estimated it would cost Dosasco and Stelco to convert each coke oven. It didn't refer to Atikokan. I understand that there is ore that has already been mined at the bottom of the Caland mine—one year's worth of pelletizing is there.

Hon. Mr. Grossman: As you well know, here is a glut on the market for that.

Mr. Wildman: If there is a glut—and I'm not sure there is—the ore from Minnesota and Michigan has contributed to that. That was developed largely through Canadian investment in those operations.

Hon. Mr. Grossman: That's right. I don't think it would be too useful to do that. The point of your question is whether we are rejecting or getting out there with EDF. As recently as last night, I spoke with some people from Nipigon and went through all the things we were looking for in terms of EDF application. I offered EDF assistance or some of the projects they were talking about in terms of this particular situation here, as part of the joint government activities through the four ministries, we indicated that EDF was available if there were any opportunities to use it to help that situation.

To prove a point, we can look at the town of Smiths Falls, where we had the RCA plant that closed down. It was the recipient of the first EDF grant we announced. We heard there was a chance that someone would be in there. We went out there aggressively

and worked with the company. We ended up getting a division of Litton Industries into Smiths Falls, simply because we were able to work very quickly with them and get some Employment Development Fund money out there on a rather quick basis. We got about 300 to 400 jobs—I forget the number—back in Smiths Falls.

Mr. Laughren: But isn't it more a government policy problem than a government funding problem in Atikokan? We're not telling you that you have to put EDF money in there. It's the program of allowing them to do this.

Hon. Mr. Grossman: Let me simply say that one of the things we are doing in the northern parts of the province is working specifically with some of the single-resource, one-industry communities to try to diversify the economy there, so that when the mines do run down we don't find ourselves in those situations.

Mr. Wildman: Mr. Chairman, I want to conclude very quickly by saying that I appreciate the fact that this minister and the Minister of Northern Affairs (Mr. Bernier) have gone to Atikokan and said, "Look, if you have any suggestions, we're willing to look at them." But it would be very useful for them to go to Algoma Steel and to Canadian Pacific Investments, which owns the majority of shares in Algoma Steel and in Steep Rock as well as in Caland, and say: "Look, we'd like you to look at that area. We'd like you to develop Bending Lake and Lake St. Joseph, and we'd be willing to look at any proposal you've got."

Hon. Mr. Grossman: All of them have been spoken to by the various ministries involved. All of them are aware that EDF money is available to them. I'll be up in the Sault tomorrow; so I'll look at it.

I might add that we will be able to stay until 12 o'clock tomorrow, which will allow us to finish the estimates entirely on Thursday night.

Mr. Chairman: That's correct.

Mr. Eakins: Mr. Chairman, we should make sure that on Thursday night we have the full evening for tourism, because we haven't had any time for tourism.

Ms. Gigantes: Mr. Chairman, we are not sitting on Wednesday afternoon, I understand.

Mr. Chairman: No.

Ms. Gigantes: I understand it was not the NDP which prevented us from sitting tomorrow and getting on with this bill. It was the government House leader who refused to authorize us to sit.

Mr. Chairman: The House leaders agreed to follow the program. They've set December 21 as the date to get out of here, if it's at all possible. There are 23 hours for the Minis-

try of Labour and another five hours for the Ministry of Natural Resources. Even with this bill, we've got our plate filled.

The committee adjourned at 10:17 p.m.

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No. R-34

Legislature of Ontario Debates

Official Report (Hansard)

Resources Development Committee

Estimates, Ministry of Industry and Tourism



Third Session, 31st Parliament

Wednesday, November 28, 1979

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

WEDNESDAY, NOVEMBER 28, 1979

The committee met at 9:08 a.m. in committee room 1.

ESTIMATES, MINISTRY OF INDUSTRY AND TOURISM

(continued)

On vote 2303, industry development program; item 1, program administration:

Mr. Chairman: I think we can start on vote 2303. Mr. Havrot is the first this morning. The New Democratic Party people will be in shortly.

Mr. Havrot: I have some questions to ask. Since I sat here last night and listened to the negative rhetoric of the member for Nickel Belt, I felt I should make the minister's morning by starting off and saying how thankful I am to him and his staff for the excellent co-operation I've had in my riding of Timiskaming with the promotion of industrial development. I'm sure the minister is familiar with the official opening of the sawmill earlier this summer where 100 new jobs were created. We still have some possibilities of manufacturing which may create several hundred additional jobs in the riding, all through the co-operation of this ministry.

I wanted to remark briefly on the member for Nickel Belt's criticism of the program you had in Sudbury several weeks ago. I might say that as a result of the show a firm in my area called A. J. Norence Equipment Limited of New Liskeard has gone ahead and received orders from some of the mining firms. They will start to manufacture diesel-powered generator sets, irrigation pumps and underground service units in the spring of the coming year. The expansion will create approximately eight new jobs in the beginning and hopefully, it will double in several years.

I might add I had a nice letter from the company thanking me for the efforts in having a loan approved in its favour. They plan to commence construction as soon as possible and should be ready to begin manufacturing operations by the spring of 1980. I've even been invited to the opening ceremonies next summer.

The other thing I wanted to bring out was that one of the major problems we have in

the north and, I'm sure, in other smaller centres of Ontario is a lack of entrepreneurs. Your ministry can provide all the expertise and millions of dollars to help and assist small industry, but you still have to have the entrepreneurs in the area to develop industry. Government can't go in and tell industry what it should or shouldn't manufacture. It's up to the entrepreneurs in the immediate area. That has been a major problem, particularly in northern and northeastern Ontario where, unfortunately, we don't have as many entrepreneurs as we have down here in the cities.

We do have some people who are fairly active. Having been involved in this government since 1971, I've worked with a few plants that have come on stream since that time and have been highly successful in the area as a result of assistance from your ministry over those years. I might say your ministry has improved dramatically with respect to the loans that are available and the attractiveness of the interest rates. The period of time for repayment of principal and interest has been extended to the point where it makes it possible for them to get into business or to expand their facilities.

I might refer to Boler Trailer Manufacturing in Earlton, which set up in 1971 and has expanded considerably to the point where it has markets in Canada and the United States. They've developed markets for the small house trailer which, ironically, as it has turned out, is to the advantage of the company because not as much gas is used for towing it around. They've gone into the United States now and have developed a pretty substantial market there.

I wanted to defend the minister and to compliment the minister and the staff. As I say, I've always had excellent co-operation from his staff here in Toronto and up in northeastern Ontario. I've encouraged people in my area to utilize the facilities of Northern Ontario Development Corporation to expand. Any time I get inquiries, I immediately contact the ministry technical consultant, for example, in Timmins. They're down in a matter of a few days checking out with the people. We're getting results.

I just thought I would throw in my 10 cents worth and give you a little bit of praise, rather than all the criticism you've been getting in the last day or two from the member for Nickel Belt. I'm sorry he's not here this morning to hear my side of the story. On that thought, I would like to thank you, Mr. Chairman for the opportunity.

Mr. Wildman: I like the people in the local office in my area too.

Mr. Hall: Initially I'd like to talk about the small business development area. The definition the minister gave me last night of small business was companies of fewer than 100 employees and loan applications of less than \$250,000. Is that correct?

Hon. Mr. Grossman: In terms of our development corporation programs, what we did was make an analysis of the loan profile. We discovered that 85 per cent of the loans under the old organization of the Ontario Development Corporation were essentially for under \$250,000 and a vast majority of those were for firms which were categorized as small business firms, having under 100 employees.

[9:15]

Mr. Hall: As I understand it, this would actually include in that bracket more than 90 per cent of the firms in Ontario. Do you agree with that?

Hon. Mr. Grossman: Ninety-seven per cent.

Mr. Hall: It seems to me then to a certain extent "loan" is a misnomer when you apply the word "small" to it. I think other people's concept is somewhat different. The federal income tax corporation yardsticks are quite a bit different.

In view of the fact that the Employment Development Fund is blocking out substantial sums of money for the pulp and paper industry, which I'm sure is in the top three per cent of the field, I wonder if you shouldn't possibly make some more allocations and see that the remaining money reaches down to firms with fewer than 100 employees. I also wonder whether or not as you get to smaller firms you shouldn't be thinking of a division for another reason, that is, with regard to Canadian ownership as opposed to foreign ownership or branch plants in the funding of business development. Do you, in your own minds or in some other manner, keep aside some funds for small businesses and purely Ontario firms?

Hon. Mr. Grossman: Yes. In regard to the Employment Development Fund, we moni-

tor the flow of funds pretty carefully in terms of the balance of Canadian companies. There's no question that Canadian companies are far and away the preferred applicants for the Employment Development Fund. The grants so far are rather heavily weighted. By far the majority of grants have been to Canadian firms, and all of our guarantees have been to Canadian firms.

The reason I point that out is that guarantees, which obviously are not as high profile as the grants—they are not as sexy, as it were, as handing out government funds—are mainly for Canadian firms which are quite small. For example, one of the firms for which we did a \$4.3-million guarantee had only 14 employees and now has 50. It's essentially a high-risk endeavour, but it's for research and development. It's for production of a new type of equipment in the environmental area, waste disposal and so on. I think that's an excellent example of the kind of thing we're trying to do.

Mr. Hall: How do you relate job creation to guarantees when you talk about that ratio? We touched before on a range of grants per job created. When you get into the guarantee area or the loan area, do you have a yardstick there?

Hon. Mr. Grossman: What happens on the guarantee situation is that the guarantee program, if all goes well, costs nothing. It comes down to an assessment of the potential benefits against the likelihood of suffering a loss, that is, ever having to pay out a nickel. We think on a guarantee situation where we're supporting a firm such as the one I've just referred to, a Canadian firm doing a very high degree of research and development, the up side is absolutely phenomenal if it works. In that case, we think it will.

All one needs, quite seriously, not to overstate the case, is one major success. That will more than outweigh perhaps a dozen problems. I should say there's no way we anticipate even having anywhere close to a 50 per cent failure rate on the guarantee program. Although the guarantee side is not nearly as well known or as sensational, as it were, as the grant side, it will possibly have the most long-lasting impact.

Mr. Hall: You were going to respond to me. Do you have specific information, not necessarily in terms of the Employment Development Fund, but ministry support funds of whatever kind for the smaller range of small business?

Hon. Mr. Grossman: I'm going to ask Mr. John Laschinger to deal with that in part.

While he's coming to the table, I might point out that the Ontario Development Corporation had made 48 loans and guarantees in October. These included only one foreign company, 10 Canadian-controlled companies and 37 totally Canadian companies. I think that's a pretty fair indication.

Mr. Hall: It probably was a good bunch then. Would that reflect the general picture?

Hon. Mr. Grossman: Yes, it would. That would be a typical month. I think it's interesting to note that while everyone is talking about the economy slowing down, we have that sort of activity by Canadian-owned firms.

I'd like to introduce John Laschinger, director of our small business development branch, who might deal with the programs of assistance for small business.

Mr. Laschinger: There are three exclusively small business and Canadian-owned small business programs in the area of research and development. These are the alphabet soup names: the small business industrial technology program (SBITP); the program to encourage product and process innovation (PEPPI); and the product development management program (PDMP).

This year we will hand out about \$600,000 to between 60 and 70 firms to help build prototypes from models or for anything that has to do with increasing technology or product design. We will give them up to \$10,000 for two of those programs. PEPPI is for the individual inventor. As an individual, he can qualify for up to \$8,000 to help build a prototype of a new idea if it has some market potential and some job-creation potential.

That \$10,000 has had some surprisingly good effects. It doesn't sound like a lot of money, but there are some small companies today which are opening plants and building a product they were able to develop with the ministry's help.

Mr. Hall: That's grant money, is it?

Mr. Laschinger: It's purely grant money. There are two other programs where we provide money but they indirectly benefit small business; it's not money to small business. One is the university assistance program where we are providing about \$600,000 in salaries to university students, master of business administration and bachelor of commerce students, senior students across the province, who are working out of the universities and who last year provided about 1,000 companies, mostly small, retail service, Canadian-owned companies, with one-to-one consulting advice

under the co-ordination of a faculty co-ordinator.

Mr. Hall: Are they graduate students or is it like the co-operative program at the University of Waterloo?

Mr. Laschinger: They are mostly graduate students. There are some fourth-year B.Comm. students at the University of Toronto, but I think they are the only ones. The others are first-year MBA students, and in some cases second-year MBA students working during the course of their term.

In the other program, this year we have put \$270,000 into consulting fees. We put out for tender contracts in the amount of \$15,000 or less to small business consultants. We have a list of about 10 of them qualified to give small business consulting advice. They will go into a community—and this year there will be 18 communities in northern and eastern Ontario—and provide one-to-one consulting advice to a group of anywhere from 25 to 35 companies.

These companies are all Canadian-owned small businesses from the delicatessen in town to the community tire store, whatever.

Mr. Hall: Is this advice program parallel to or cohesive with Counselling Assistance for Small Enterprises or completely separate?

Mr. Laschinger: Both of those tend to be very separate. One of our concerns is we don't want to offer services the federal people are offering. We've found so far that the CASE service is at a higher level. These are retired executives who tend to have been vice-presidents of manufacturing and finance.

With all respect to their previous training, it has been 20 years since they worked with a set of books or created a set of accounting books. Therefore, the students tend to be able to do those jobs these retired executives have grown away from. Yet if they are looking for a bond issue to take to the market, the retired executive would be the fellow to ask to get that advice from.

We tend not to have very much overlap. In fact our field force will recommend if a CASE person is needed he be brought in, or our field force will send some of these retail clients to universities to be used with this low-cost consulting program.

Mr. Hall: This low-cost consulting program, where you use MBA first-year students or graduate students from commerce is an in-and-out thing for them and, I assume, for a very short period of their lives because you couldn't offer continuous employment to them.

Mr. Laschinger: They are usually short-term projects of one, two or three weeks' duration. It's a training ground for future employees. It's also a training ground for future consultants. These students have a knack of giving advice and they become accustomed to dealing with helping those companies. These companies have found that not only do they get a fresh look at an old problem, but they also get some new market research ideas.

They're not just doing menial jobs. They're doing market research for new products and market research for new territories, advising on a marketing plan for a project in trouble or just starting up. They're also assisting in what people call the shoe-box job of taking the receipts out of the shoe box and making up a set of ledgers, accounting reports and financial systems, so the small businessman knows where he's coming from and where he's going.

Mr. Hall: They wouldn't have had much training of that nature at Western, would they?

Mr. Laschinger: I'm partial. I like to think the training at Western is not bad. I would have difficulty with the shoe-box thing. On the other hand, I wouldn't be sent to do that. I'd be sent to do a market analysis for the marketing plan. Different students tend to have different strengths.

Mr. Hall: Do you have some other ways in which you help really small businesses?

Mr. Laschinger: We have other programs in the small business area. We have the energy bus that goes around the province and makes visits with its computer on board. On every visit we're identifying a 12 per cent fuel saving on average. That's available for both small and large business.

Mr. Hall: Do you get funding from the Ministry of Energy for that program?

Mr. Laschinger: No. Funding is half federal government and half our own. All of the services we have are in the area of physical, tangible services. I guess I've described the most important ones with the exception of one. We have the computer planning model which we have been offering as a service now for about two and a half years.

This is a model we use for someone looking for money. If someone in the private or public sector is looking for funds, we have a model where we put all of their data on the computer and do cash flow projections for one or two years ahead. The businessman then has a professional plan when he goes and looks for funds. We've had some good successes in helping small businesses

to present better their story and often identify better their cash needs for the business. [9:30]

This indirectly leads into an advocacy role. On occasion, we don't have the money to help the small businessman, but the private sector does. We can take him to those places, or we can hold his hand or we can help him get his story together and then go and help him get money.

I guess that's the biggest difference in the small business development branch's role in the last year. We really formalized advocacy as a service. We are doing things on behalf of one individual, we meet the individual companies and we are also doing things on behalf of groups of companies, companies that feel government is giving them the short shrift. In some cases, it's a lack of communication at all levels of government. The small businessman feels very lowly and small compared to the size of government.

It's important they feel that not only are the CFIB, organizations of small businesses and business leaders out there speaking for them but that someone inside the government is speaking for them too.

Mr. Hall: Does this get through to Mr. Allan or does he just pat you on the back once in a while?

Mr. Laschinger: I'll check for the knife wounds later. It's important that somebody talks with and represents small business. The minister and all the branches have had meetings with bankers, as we mentioned this the other day, to get them to give the Small Businesses Loans Act a better working out in Ontario. That's an advocacy role. We've taken the line that we believe government should pay interest on overdue accounts, which will help every one of the 280,000 companies in this particular province.

Mr. Hall: How is government paying interest on overdue accounts going to help?

Mr. Laschinger: Government accounts.

Mr. Hall: They don't all sell to the government.

Mr. Laschinger: Not all of them sell to the government but a lot decide it's not in their interest to sell to government because they feel government doesn't treat them fairly. We take all the profit through the tendering system, squeeze it down as low as we can and then don't pay them for whatever reason for 90 or 120 days. By pushing for a policy change internally, I think we'll put some motivation into the system to make the ministries pay on time, which will not only show the individual companies involved how

to deal with government, but also show that this government cares about small business in general and that this is a province where small business can develop and grow.

Mr. Hall: Obviously, you've got a problem to overcome if as a government you have been 90 to 120 days in paying and if a lot of people have the impression it's not worth while doing business with government. You've got your work cut out for you.

Mr. Laschinger: Mr. Hall, it's not just the government. It's the federal government with its branches across the country and the length of time it takes to get approval.

Some bills get paid within three to eight days. Our ministry has a good record. We're a small ministry and the approval system is fairly fast. Whatever the reason for the delays, we have to instil a stronger sense of urgency in the system to encourage the accounts payable clerk to help the poor guy out at the other end of the line who is paying 16 or 17 per cent at the bank and can't afford to wait for a long period of time.

Mr. Hall: How do you feel about the apparent trend over the last few years to reduce funding for ODC loans? I know advocacy is a great thing. I don't want to play it down because it can be meaningful and, it seems to me, it's also cheaper. I'm talking about ODC, but I'm really relating it to small business because that's the area that would benefit by it. Is it not correct that funding has gone down and continues to go down? It that not the case?

Mr. Laschinger: I can't comment on the relative dollars available from ODC, but my thrust is to make sure the small businessman, whoever he is, has access to either method of funding, which in most instances is taken back to the private sector. I don't think government should be doing stuff the private sector should do. In many cases because the small businessman hasn't sold himself well at the bank, or hasn't communicated his needs well, or has in fact gotten into a short term problem that the bank doesn't appreciate or understand.

If approached properly, in many cases the private sector will take on that client, that small businessman. If that doesn't work there are other levels of federal government. The Small Businesses Loan Act is one and the Federal Business Development Bank is another. They've been very co-operative.

Mr. Hall: With regard to the Federal Business Development Bank, it's my impression there are no teeth in that legislation to cause a bank to lend money to a business.

Indeed, what they normally say is they don't have any money in that pocket, but they have money from the general fund at prime plus two or something like that. Where does your ministry get into the guarantee role itself at the bank?

Mr. Laschinger: I guess that's the ODC field. Someone from ODC may want to answer that. When I talked about FBDB, I was talking about the Federal Business Development Bank. They are an outfit like ODC, except they're run by the federal government and will take risks. I'm led to believe their loss ratio is about 10 per cent.

Mr. Hall: I'm sorry I confused the two in my own mind. I meant that other act relating to small businesses.

Mr. Laschinger: The Small Businesses Loans Act is working better than it used to work in that under that act there will be a quarter of a billion dollars given out in Canada this year. Our complaint is that Ontario is not getting enough of its share and there is some reason to believe that some of that is due to a lack of competition.

For instance, in Quebec the caisses populaires will provide money under that act. Since it's a more competitive market, the banks are using it because they have to use it to be competitive. There are about 10 credit unions in Ontario which use the SBLA. I'd like to open it up to more. In fact, I'm in the process of making a pitch to the federal people that we should open it up, for instance, to provincially chartered trust companies in Ontario that are not federally chartered. Today they are excluded from that.

The Small Business Loans Act comes up for statutory review in Ottawa next June. It's a piece of federal legislation. We're getting ready to make representations for not only including provincially chartered trust companies, but also for other kinds of things like raising the amount of money that's available. Today it's \$75,000. One can't buy very much land or equipment for \$75,000. We think \$150,000 or \$200,000 would be a more realistic ceiling for that particular act.

It's a constant question of encouraging the banks to use the thing. The branch managers get motivated and get paid by profit in their branches. There is no question they would rather lend money at prime plus four instead of prime plus one.

Mr. Hall: That's what I was going to ask you. Does the interest vary on a loan with every change in the bank rate?

Mr. Laschinger: Yes, it does.

Mr. Hall: Prime plus one.

Mr. Laschinger: It's always prime plus one.

Mr. Hall: What's the form of the loan? Is it a mortgage loan or a demand loan?

Mr. Laschinger: It's a straight demand loan.

Mr. Hall: It's not locked in for period of time either.

Mr. Laschinger: It can't be used for working capital. It's used for fixed assets acquisition. It's used for equipment and buildings, it cannot be used for working capital.

Mr. Hall: Therefore, it's mortgageable. The assets are there.

Mr. Laschinger: That's right. They take collateral in the piece of equipment they buy or the building.

Mr. Hall: What's to stop them from calling it?

Mr. Laschinger: Nothing. If a company fails to make its interest payments, it's treated like any other loan. The only exception is they are taking a lower rate of interest which the federal government guarantees in the event the loan happens to go sour.

Mr. Hall: Aside from the federal programs, what about your programs in Ontario that touch into this? To get back to the question I asked the minister in the first place, other than ODC, how do you break out your financial support program to different levels of business? I have to get away from the word "small" because, with 97 per cent included, it's all-inclusive.

Mr. Laschinger: It's all of them. That's right. The title of my branch really explains what we're trying to do in this ministry. It's the small business development branch, not the small business branch. Our concept is trying to develop small business in many ways by developing their managerial skills, their access to funding and information and providing equitable and fair treatment. We don't want them to stay small in this environment and in this society with post-GATT adjustments.

We want our companies to be able to stand and face larger companies. They are going to face more competition. Also, there are more opportunities they're going to have in export markets. We want our small companies to develop. We don't want them to stay small forever, though some will. The individual situation is the man or woman who generates a company to a certain size and is content to leave it at that size, the ones who want to stop beating their heads against the wall and taking the next step.

The next quantum leap for them may be to go from 50 to 80 employees. Some are content to stay there. We want to help the ones that want to develop, to start export markets and get some money to do some extra things and to expand.

The concept is that we are there to help small businesses develop. We're also there to be an umbrella, to be a spokesman within this government for small business and outside with other levels of government.

Mr. Hall: The point I'm trying to make here is that any government, federal or provincial—and certainly this provincial government with its different ministries—has different programs and financial support situations. Take agriculture as a case in point. While it may not have all it should have it does have some financial support pocketed for that need.

Since you have such an all-inclusive business responsibility, it seems to me you should be setting aside moneys for different categories of needs in the business sector. I don't get the answer that you are. Until such time as you have moneys as the director of that area, or other people have for theirs, to set aside to build up certain sizes of business, the tendency is always going to be to have funds drawn off by the bigger firms which obviously show more potential. I appreciate that you don't want losers as you can't afford to have losers. But unless a sum is set aside for precise development of certain categories of size, it seems to me they are always going to be left behind. That's my concern.

Hon. Mr. Grossman: Duncan Allan, who has overall responsibility for all of our industrial programs, can address that because he can deal with the entire range of support systems and services and financial assistance we have for industry.

May I say one of the things we're trying to do, and which I think we've succeeded in doing is (a) literally to cover the whole spectrum of services which aren't otherwise provided, (b) to avoid duplication and (c) to develop flexibility in all of our programs so that we don't end up a fiscal year with some money hived away for either a sector or a designation, be it small business or medium-size business, where we haven't spent the money in that particular area, but there has developed over the course of that year a new and different need in another area.

What we're trying to do is have flexibility in there and capability amongst my staff to make those basic decisions to make sure those in need get the assistance and not simply those who happen to fit under a

category that we at Queen's Park have decided is a category we want to shove money at. That's the fundamental behind all of our programs.

Mr. Hall: By way of example, in Wintario capital grants, you appreciate that one loan of \$4 million out of that pot reduces a risk of probably 200 smaller capital grant programs elsewhere.

[9:45]

Hon. Mr. Grossman: That's precisely what we did. We shifted those large clients, as it were, out of the same pool of funds that ODC had and moved them into the EDF with much greater funding. That left the ODC portion exclusively for those smaller-type loans.

In effect, that increased the amount of money available to the small firms. At the same time, it's interesting to note that of the six or seven announced cases in the Employment Development Fund, just to show you I think we are doing exactly what you are driving at, i.e., making sure we support those smaller types of firms, three of the six or seven already announced are in the under \$250,000-grant category. In all three cases, they are outside Toronto. All of them are really supporting quite small businesses.

The net effect is the ODC programs are more available to those small firms and the EDF is not reserved to the larger firms. In fact, about half of the announced cases so far out of the EDF have gone to small firms.

Mr. Hall: You are talking about EDF grants that have been announced so far.

Hon. Mr. Grossman: That's right.

Mr. Hall: The list of nine that I had included, Ford, of course, Lytton Industries Dominion Twist) at \$450,000, Industrial Tires (Urethane) at \$450,000, Bay Mills Midland Limited at \$75,000, Westinghouse at \$1.6 million, Tridon at \$800,000, TRW at \$420,000, Hayes-Dana at \$1.5 million and William Milne at \$240,000.

Hon. Mr. Grossman: There's Collair at \$100,000.

Mr. Hall: The three you're touching on here are Bay Mills, William Milne and Collair. Right?

Hon. Mr. Grossman: Right. My point is here is the impression around that ODC is the only vehicle for smaller firms and that smaller firms are not eligible for the EDF. EDF is a place for small firms to approach. ODC though is now reserved for small firms, and they are getting that kind of assistance. In terms of the funding for ODC which you referred to with Mr. Laschinger, ODC's

budget was \$40 million last year. This year it's \$42 million, so I do want to take this opportunity during estimates to dispel any impression that's around. I know how it began, but it's totally false to suggest that the funds available to ODC have been reduced. In simple terms, they've been increased.

Mr. Hall: In fairness, that had been the case for a couple of years before that. Is that not right? Actually, you had run out of funds by January or December.

Hon. Mr. Grossman: What happened last year was that during 1978 there was an extremely high level of applications coming in. A decision had to be made as to whether we were going to continue to process them, even though we had perceived that we had overrun, or slow it down and give refusals.

The direction given, first by my predecessor and confirmed by me, was that we didn't want really to say no to any firms that needed the assistance. We continued to process the applications, and supported those firms that needed assistance. That meant we had an overrun on our previous allocation.

For two months—and I want to make this clear—we did not turn anyone away. We said for two months, that is, until the conclusion of last year's fiscal period, we would deal with only those cases for which there was an immediate need. Any applicant then outstanding who showed that he or she couldn't wait 60 days to get us into the new fiscal year was processed. Treasury co-operated to make moneys available for those cases that were appropriate but couldn't wait.

Once that time gap was concluded, we were then into a new fiscal year with our new funding. As I say, the net effect of that is that this year there are \$42,000,000 effectively available. So it was simply that time gap, while we sorted out the applications into their proper fiscal year without prejudice to any outstanding cases. The one other thing I should say is that we took advantage of that two-month gap, while the ODC boards were not meeting, to launch our staff on to the new programs I've talked about, in terms of leveraging more private sector financing. Blair Tully was using that period of time to shift gears.

Mr. Hall: While we are talking about that money, we've had what is a pretty unusual situation for the last several months in that interest rates have just taken off and gone out of sight almost in our experience. The effect, of course, is harder on small businesses and even harder on stores which have to finance inventory and anybody who has to

finance inventory of any kind. Therefore, how do you take special steps to render a special form of assistance? Because if you don't render it, there's great danger of substantially increased bankruptcies, I would think.

Hon. Mr. Grossman: In the case of those firms not in receipt of direct loans at the moment from ODC—

Mr. Hall: Those firms that would come to you and asking for help.

Hon. Mr. Grossman: The ones that are customers of ours?

Mr. Hall: Isn't everybody a customer of yours in terms of still having the potential to deal with you?

Hon. Mr. Grossman: Yes. That is why I specified those that were in receipt of direct loans. That's why I wanted to know which category you're talking about. In either case, any small businessman or woman who is having difficulty with high interest rates can get in touch with us through our small business development branch consultants out there. They will work with them and the banks to try to sort out what the immediate problem is. I hope that we will be successful in looking after any of those cases where the banks are being unduly difficult. You've heard me say in the Legislature that I was going to approach the banks. I have now made those approaches to the banks urging them to do a couple of things. Firstly, if they've got someone on a demand loan, I have asked that the bank don't call the loan simply because the small businessman, who six months ago the bank thought was worthy of support, is now having difficulty making the payments.

Mr. Hall: Aside from gentle persuasion, you don't have anything else with clout, do you?

Hon. Mr. Grossman: There's no question about it in terms of the banks. The government of Ontario does have no—sorry, I shouldn't say no clout. I think we do have substantial clout. We have no legislative authority. May I say that in terms of whether we have clout with the banks; I think we have a degree of credibility with them because we maintain a fairly close relationship with them in terms of being in contact with them, and speaking with them about the SBLA program, rather than getting on a platform and bashing them. We consult with them from time to time in terms of what they are doing. So when I might call them up or write them, they know I'm approaching them.

I hope they understand that the government has approached them and I have approached them on a constructive basis, look-

ing for an opportunity to work with them to solve some of the problems out there. I must say the response we've received has been good, given some speeches are quite critical of banking policies. Not more than a month ago I gave a speech which was quite critical of banking policies. Again, I think one of the reasons I was able to do this was we also spent the time letting the banks know our sincerity and that we did think about the things we were doing and they were doing. We were not politically posturing, but we were sincerely trying to analyse their policies and ours to help our clientele out there. All I'm saying is that I think our approaches to the banks have been successful.

I haven't been aware of any firms to this date coming to our ministry saying they are going out of business because the banks have unduly called a loan during the high interest rate period. We are aware of some instances where the banks have shown exactly that kind of flexibility. They have let a payment or two slip by and go into arrears. In some cases they have made new money available.

One of the things we have been saying to the banks is if they've got a firm caught in the squeeze between the consumer's reduced ability to buy goods and the higher cost of maintaining inventory because of bank charges, and if the company needs further financing, then in some cases, it's going to make sense to make new money available to them, even at the current high interest rates rather than put the squeeze on them and get them under.

Mr. Hall: Aren't the banks in the position of making substantial windfall profits because they really don't borrow a great deal of money from the Bank of Canada, even though the rate is higher? The only pressure on them for higher interest rates is that they, in turn, offer higher deposit, GIC and TDR rates? Is it not possibly worth considering whether the time has come, when rates get to a certain level, when you do need legislative powers to stop this inflationary trend where banks pay more, charge more and make something on the transaction over and above what they were making before? Borrowing from the Bank of Canada, as I understand it, is not a substantial part of their business.

Hon. Mr. Grossman: You make some valid points, and we are keeping in close touch with the federal government policies. They will be bringing the Bank Act along shortly. One of the things we'll see—perhaps I shouldn't say this with my friends here—if some of the foreign banks are allowed in, as they will be, is some increase in competition.

Mr. Wildman: Why not? You've got them everywhere else.

Hon. Mr. Grossman: Mr. Wildman will be pleased to see more banking institutions in his part of the province, which will make more money available to some of the mining operations to keep them in business.

Mr. Wildman: So they can go and develop more in Michigan and elsewhere.

Hon. Mr. Grossman: I just wanted to see of you were awake.

Mr. Makarchuk: On this point—

Hon. Mr. Grossman: No, don't interrupt me yet.

Mr. Makarchuk: Are you finished?

Hon. Mr. Grossman: No.

Mr. Makarchuk: On this point, Mr. Chairman—

Hon. Mr. Grossman: I said I wasn't finished.

Mr. Makarchuk: With amendments coming up to the Bank Act, why don't you go to the federal government and say you want to incorporate the Province of Ontario Savings Bank into a fully fledged bank that would have the power to give loans or to operate as a bank in the normal sense? It's something that has been advocated. I've advocated it here in the past. For once, you would have some kind of clout with the banks.

Right now, this moral suasion is a lot of baloney, and you know it. You can talk to them, but I haven't seen the interest rate drop by one eighth from all the moral suasion. If you had a bank of your own, which is not beyond the realm of the government to operate, you'd be in a position to talk with some effectiveness to the banks. I don't see any reason why the province does not take this stand right now, in spite of your ideological commitment to having something called "you keep your hands out of everything and you don't get involved."

Mr. Chairman: Mr. Hall has the floor.

Mr. Hall: You don't have any emergency situation where you can extend guarantees. I'm not asking for loans which have a higher risk. Guarantees have a lower risk, I assume, and with grants the money is given away. You don't have anything doing where in a given year when faced with dire circumstances you can expand a guarantee program. Right now, they can call any time they wish to.

Hon. Mr. Grossman: Let me say we haven't seen that situation develop yet. Secondly, if the situation develops, as I indicated yesterday, we do have a very high ceiling on our

guarantee ability, our power and our capacity to guarantee. If we saw that sort of situation develop, if guarantees would solve the problem, if the net effect would be we were keeping some firms in business which ought to be kept in business, then that is obviously something we would do. Any bank or financial institution which would call a loan simply because of the short-term, high interest rate situation and reinstate it if the government came along and guaranteed that loan, would likely be the kind of financial institution which would respond to us coming to them and saying, "If you'll reinstate it with our guarantee, that must indicate you believe that firm can make it in the long run." Financial institutions don't want bad loans which are guaranteed; they want good loans.

[10:00]

Mr. Hall: Yes, but the covenant is everything with them, and you know that too.

Hon. Mr. Grossman: No, it's not. With respect, the covenant is important to them because it makes sure they are not going to lose any money, but when the local bank manager is going back to head office, what they are looking at is how good he has been at making good loans, not bad loans which have been guaranteed and recouped.

Mr. Hall: In a small town in Ontario, the bank manager's loan limit is very low.

Hon. Mr. Grossman: I gave a lengthy speech on that a month ago. I made the point that not only was the limit low, but the local bank manager out there was scared of making a bad loan, guaranteed or not.

Mr. Hall: That's right.

Hon. Mr. Grossman: That is the entire point. Guaranteed or not, the fact he's got a loan out there that goes bad drastically affects his ability to be promoted through the banking system. The financial institutions and the banks have got to give him a little more breathing space and not have him living with a guillotine over his neck for fear of making one or two bad loans.

The net result of that is when interest rates go up, the bank manager out there is saying, "Good God, if this situation goes on, then the arrears are going to mount. If interest rates don't go down during the next fiscal year, that businessman is going to be less able to carry his loan. I'd better call it now, cut my losses and protect my career." That's why we've made the approach to the local banks.

Mr. Hall: You are expressing my concern and solidifying my arguments. His obligation

is not to support small business. His obligation and his only loyalty is to protect his own backside and the financial position of his bank. This is where the responsibility of government becomes different from that of the private sector. Without teeth in it, it will take an awful lot of moral suasion to get them off that attitude.

Hon. Mr. Grossman: I do want to give a balanced picture of it. First, whatever authority there is, obviously it's the federal government's authority. Second, I do want to be balanced and fair about it. We have not seen that sort of reaction. There are examples. I often cite the Sudbury case where the banks did everything possible during the strike to extend credit to their customers because they knew it just made bad business sense to call loans.

What you see now is exactly that situation. I don't pretend moral suasion has no effect, as Mr. Makarchuk wants to pretend, nor do I want to pretend that to the extent the banks have accommodated some of their customers, it is entirely because of our calls, letters and moral suasion. In the area between those two, it does make good business sense to the bank to keep its good customers who are currently going through a difficult time.

They're doing it out of self-interest to a large extent. Some local bank managers are saying: "I'd rather risk having the loss on this loan increased by another \$4,000 than calling it now and having it show as a loss of \$10,000. Maybe I'll risk letting him run up to \$14,000 in the hope that when interest rates go down and the economy picks up, it will turn out to be a good loan after all." They are saying they don't want to lose the business. They want to keep the business and they want to do whatever is necessary to keep the firms in business.

The important thing at this stage is with interest rates having been up for about three months we are not seeing a major move to call in demand loans. We do not think it's because of moral suasion entirely or out of altruism by the bank. It's a mixture of some social responsibility with a very large dose of good business sense shown by the banks. I took the time to speak to some bank managers off the record. The sense I got from those discussions was the message had come through from head office and they were getting some of that support.

Let me conclude by saying my remarks of a month ago on the relationship between local managers and head office still stand. There are lots of problems there, but we are not saying

that one adversely in any large way affects small businesses during this time of high interest rates.

Mr. Hall: I want to ask you two questions in that regard.

Mr. Wildman: On a point of order, with respect, last evening my colleague from Lincoln for good reason raised the question of how long one member should go on. We have gone on for about an hour on an important issue, but members of the government and the NDP also have questions to ask.

Mr. Chairman: I also understand that according to the way it was last night Ms. Bryden is next. Mr. Hall's name was there since last night, so I just followed the order.

Mr. Hall: I'll try to be brief, Mr. Wildman, but I want to make two points in connection with this relationship of small businesses to banks.

You say you haven't heard of this happening. You'd have to seek out that information, it wouldn't just be when somebody phoned your office. A lot of people don't think in those terms. There would have to be a pretty active survey program for you to measure that.

Hon. Mr. Grossman: May I say on that point if our field staff are doing their job, which I believe they are, they are making calls on their clients on a regular basis. They make 10,000 to 14,000 calls every year. They are supposed to call on every one of those people in small businesses within our mandate in the province every year. If our field staff are in touch with their people, they'll know precisely who might be facing that situation and will have followed up on it in the last couple of months. If they have done their job in letting their small business clients know of their existence, I have to believe any small businessman is going to call the consultant he knows on a first-name basis before he says to the bank, "Okay, I'll fold up and go home." I do think we are entirely in touch with our clients.

Mr. Hall: Things must have changed because I was in business for quite a while and I never knew of any consultant or whom to phone. Maybe things have changed quite a bit. I have a copy of a letter by the Ontario Chamber of Commerce to all chamber presidents. A few have seen fit to direct an inquiry which they in turn, have directed to every chamber of commerce in Ontario. I have a direct quote here.

Hon. Mr. Grossman: What are you reading from?

Mr. Hall: It's a letter by the Ontario Chamber of Commerce to all chamber presi-

dents. It says: "The Honourable Larry Grossman, QC, Ontario Minister of Industry and Tourism is seeking our assistance in obtaining from our members any comment on any perceived impact, particularly in areas adjacent to Quebec, relative to Quebec government procurement policy favouring in-province business establishments."

Without getting into that, I would say that if you really want to find out the effect of the interest rate, this would be a good vehicle to use. Every small town chamber of commerce would then know you are actively trying to measure the effect of these interest rates.

If you haven't heard of it as being a big problem, it's got to be because small businesses are afraid to make a move under these interest rates. They are deferring projects and are not going to take that added risk because at these interest rates the potential for profits staying with them is minimal. This is possibly the second way small business is being hurt by the great rates that are being charged.

Hon. Mr. Grossman: Let's not forget what's happening out there in terms of trade credit. This is one of the major ways in which all of these firms together are making sure they all survive this period.

You are in business, so you know the way trade credit works. You know there are all sorts of adjustments that can be made between various firms out there to extend trade credit because all of them don't want to see their suppliers and/or customers get into any financial difficulties. They want to give them the necessary credit in order to allow them time to make the sales to pay for the goods they have purchased from them in turn.

During a period like this you usually see firms survive simply because they have all in some way or another adjusted their trade credit between themselves. That's the reason it works.

Mr. Hall: To stretch out their accounts receivable.

Hon. Mr. Grossman: That's right. Usually the biggest guy in the chain plays the major role in making that work.

Mr. Hall: They all go sooner or later.

Hon. Mr. Grossman: Mostly they make it through.

Mr. Hall: What is the bankruptcy experience in 1979?

Hon. Mr. Grossman: I'm not sure we have it here. It is interesting to note in this period of time regardless of how we obtain our information, we just haven't seen a major collapse, or a minor collapse. Not to under-

state it, because I took pains in my opening remarks and on other occasions to point out the difficulties during this period, if the interest rate situation stabilizes and interest rates go down in the next few months, then through trade credit and some flexibility by the banks we will have got out of it not too badly.

With regard to the Ontario Chamber of Commerce letter you refer to, that's not an official letter sent out by me or requested by me. It is a result of regular meetings I've instituted with both the Ontario Chamber of Commerce and the Canadian Manufacturers' Association. Instead of waiting for a crisis to develop or until they are upset about something right here in government, I meet with them on a regular basis, roughly quarterly. We draw up an agenda jointly and we talk about some of those things.

The letter you read was the result of my saying to them that I had heard rumblings about those kinds of problems, but I had had too many specific examples brought to me. I presume they sent out that letter to try to assemble that information. The same sort of request will be made by me when I see them with regard to interest rates. They may respond or try to assemble the information by doing that.

Before we move to the other questions, I wonder if I might give Duncan Allan a chance to give us a very short overview of the programs and the markets for those programs because it is a question that went unanswered from our earlier comments.

Mr. Chairman, may I also say to the committee I'll be here until 12 noon, which will leave approximately two and one half hours on estimates, which we can do tomorrow evening. I would hope we can finish this industry vote, the Ontario Place vote and the development corporations vote today, leaving tomorrow evening, when Mr. Maxwell will be back, for the tourism vote. By then we will have spent a great deal of time on the industry side. In fact, we will have spent all of the time on it except for the last two and one half hours on the tourism side.

Ms. Bryden: We might make more progress if the replies were a little more concise.

Hon. Mr. Grossman: It has been a very pleasant, enjoyable and useful discussion during estimates.

Mr. Wildman: If we were enjoying the estimates debate, it means we're not doing our job.

Hon. Mr. Grossman: I've often said you were. I've got to tell Ms. Bryden if she was

here in the earlier part of the estimates, which I know she wasn't, she would have found that the statements, lengthy questions, and interruptions by colleagues of hers, none of whom is present today, were the contributing factor. That's beyond this point. I'm just not going to let you say my answers were too long.

[10:15]

Ms. Bryden: The minister has lots of opportunity to outline his programs in greater detail.

Hon. Mr. Grossman: I just won't let you say that. Mr. Allan, do you want briefly to give an overview and answer this very important question?

Mr. Allan: When we reorganized the ministry, one of the purposes was to focus on our major client groups and the major products or units we were selling.

As I perceive it and as the minister has answered very directly, the Ontario Development Corporation is the small business financing agency. Very few of its clients could be construed to be multinationals or large companies any more. Similarly, our small business assistance programs are geared specifically to that client group. One thing Mr. Laschinger didn't mention is that we do some hands-on marketing assistance.

I think of Ontario Bus Industries in Mississauga. We helped put out a brochure to sell their buses as a direct service to that company to get customers. We will be doing more of that direct marketing assistance, which is sometimes the key thing.

Despite the high interest rates, I don't think money is the primary problem in many of the instances we run into with small businesses. We have to gear our assistance to the real need the guy has. Mr. Laschinger will build up a record over time, but I suspect money doesn't come into play more than half the time. Often the real problem is something different, and we try to address it with a real program.

Our trade branch and our trade development activities, by and large, are geared to intermediate or medium-sized Canadian and multinational companies. We can't really help the very largest people with international marketing networks at all. We can't do much for Inco or Stelco in terms of marketing assistance or export development.

We can do a lot for a whole band of intermediate and medium-sized companies. Those are the ones that are the primary client group of that branch.

In the industrial development branch, we have a cross-section, obviously, but we're

looking at the growth companies. We run a couple of industrial parks, we do a site selection service, we do some joint venturing and we look to put capital and technology together. Often it's a large company and a small company. We cross all those bridges. In that instance, we're looking at it as a marriage broking function for two people who want to get together, if somebody wants to go into business or buy a business. I think we cover the entire spectrum by focusing our efforts on three or four product lines, following them down, and working with the private sector and the banking agencies.

We've put a couple of deals together. You might be interested in an ODC case, for example where Mr. Tully at noon today extended \$21,000 to meet a payroll the bank pulled the cork on. That agency moved in just like that, while we were considering it at the board in a formal application. He has exercised his authority to do exactly the kind of thing you were talking about, when we do run into that kind of instance.

Our field staff is there, as salesmen or advocates or signals or sensors for all of our industrial clients.

Our clients are primarily tourist operators and manufacturers. Mr. Laschinger has some programs that touch on the retailers or the general advocacy that will help all small business, but we still primarily perceive our business as to be to help the people who manufacture a product or run a tourist establishment in this province.

It's very difficult to help somebody who runs a Mac's Milk store or a hamburger joint. The best thing we can do probably is show him if he is making any money and understands his business. In terms of formal programs, often the best way is for government to stay the hell away from it.

Mr. Hall: I can't quite imagine your getting down to that level.

Mr. Allan: I tossed aside a few of these things myself, but Mr. Laschinger has a steady stream of them going through his office. Our operating philosophy is to give them an answer, to get to them quickly and say, "If we can't help you and if there's nothing much we can do, we're going to tell you that." The response I've heard from those clients is that they are happy to get an answer and to get somebody to deal directly with them whether we help them or not.

Mr. Hall: I have one more question and then I'll pass on to the next speaker. In connection with the small business section and the selective placement service, could you tell

us how many companies you have been able to assist by recruiting skilled labour that the companies were unable to find here? How many workers have been involved in this? Could you tell us what segment of Ontario industry has benefited by the service?

Hon. Mr. Grossman: We have two programs. The entrepreneurial development program handled 115 cases.

Mr. Hall: Is that 115 workers or companies?

Hon. Mr. Grossman: It is entrepreneurs coming into this country with a proven capability as entrepreneurs to set up and run a business. There were 115 entrepreneurs assisted through the selective placement service. This created new employment in Ontario for 2,285 jobs. Those 115 entrepreneurs invested some \$25.4 million.

The other program, which is better known, the skill search program where we assist employers in obtaining skilled workers, had 788 cases.

Mr. Hall: Is that 788 workers?

Hon. Mr. Grossman: It is 788 cases involving 2,335 jobs.

Mr. Hall: What specific skills did these fall into?

Hon. Mr. Grossman: We don't have that information here. I'm going to get it for you in the next few minutes, even if I have to come back to the vote.

Mr. Hall: Fine. I'll conclude then for the present.

Ms. Bryden: I have some general questions on industrial development. First, I would like to deal with a topic which can be brought up under any vote because all votes have a certain element of employees in them. What is the minister doing to end the obvious male domination of his ministry?

The latest report of the status of women crown employees, which is for 1977-78, shows that his ministry has about 30 per cent of women employees, mostly in the clerical and stenographic services. Women's pay as a percentage of men's pay is only 47.9 per cent. That shows that women are in all the low-paying jobs and the men in the higher paying ones. If one looks at the group of advisers the minister brings to the estimates, I think there's one woman and about 20 men.

The minister should be working on changing this ratio. I don't know whether he knows the significance of the badge I have on my lapel which says "52 per cent."

Hon. Mr. Grossman: I was speculating to myself what that might mean. I'm glad you clarified it for me.

Ms. Bryden: That indicates that women are now a majority in Canada. They're 52 per cent of the population, but they're a most disadvantaged majority. I think we do need more action from the ministry on changing those figures I've mentioned. In the women crown employees report, it states the ministry abolished the position of full-time women's adviser as of April 1, 1977 and turned it over to the director of personnel. My first question is do you have either a full-time or a part-time women's adviser working on affirmative action programs?

Hon. Mr. Grossman: Yes, we do, Linda Pergantes. She is a full-time co-ordinator appointed in October 1979 to replace another woman who was doing that job.

Ms. Bryden: When did you reinstate the full-time one? According to this report, you had none as of April 1, 1977.

Hon. Mr. Grossman: Linda has been there since October, and her predecessor, Janet Keith, was there, I'm told, virtually full-time.

You might be interested in some of the changes that have occurred in the job profile. Female representation has increased in the ministry as follows: In the administrative module, there was 18.2 per cent in March 1978; 18.9 per cent in March 1979; and 20.3 per cent in September 1979. In the professional module, there was 21 per cent in March 1978; 29 per cent in March 1979; and 31.2 per cent in September 1979. In the general operational services category, there was 0 per cent in March 1978; 25 per cent in March 1979; and 40 per cent in September 1979.

The average salary of women in the ministry was \$12,422 in 1977-78 and \$12,977 in 1978-79. It's now \$14,283.

Ms. Bryden: Can you tell us what percentage that is of the men's?

Hon. Mr. Grossman: Since March of this year alone, the wage gap has narrowed by 1.4 per cent.

Ms. Bryden: That means it's probably still about only 50 per cent of the men's wages in total. Back in 1977 it was 48 per cent.

Hon. Mr. Grossman: The average male salary is somewhere in the neighbourhood of \$19,000, which does reflect the fact that the job profile, as you see here across the front and in the analysis of the ministry, does have males currently in the higher-paying positions. I think we've showed absolutely remarkable progress in terms of the figures I've given you just in the last year.

The Ontario Development Corporation is another area where we've heard that sort of

complaint. Female representation in the general operational services category for the development corporation was zero in March 1978 and 50 per cent by September 1979. In the clerical services category, it was 84 per cent in March 1978; 77 per cent in March 1979 and 76 per cent in September 1979. You see there is a change in the job profile there.

The average salary has gone from \$12,451 in 1977-78 to \$14,260 in September 1979 and the wage gap has narrowed in the development corporation by one per cent since March 1979. I think that's fairly marked progress.

Ms. Bryden: I'm pleased that progress is being made. There's still a long way to go with respect to the gap between men's and women's earnings or in women's representation in these various categories. I noticed that on the development corporations' boards of directors there's still one token woman on each of the northern and eastern ones and two on the general ODC. I don't think there has been much change there since they were established.

Hon. Mr. Grossman: I might point out to you that those boards are really very effective boards. I don't think the capabilities of the people on there have ever been challenged. Therefore, this government is not pressing the current incumbents in those positions to relinquish their jobs. We may be making some changes in the next little while in terms of the composition of the boards. We haven't decided. It's not one of those boards that we are unhappy with and, therefore, the vacancies simply are not coming up often enough to make substantial inroads.

In the case of the women you've referred to, I know the sense in which you were saying they are token. I know that was in quotation marks. I want to say that the women in question that we happen to have on the development corporations are absolutely first rate, and not token. Anyone would be pleased to have those particular women on their boards doing just about anything. They're just terrific.

Ms. Bryden: I wasn't implying those women were not very capable women. It's just that when you see only one on a board of a dozen or so people, it looks like the person was chosen mainly to indicate there is one woman on it. There are a great many women, particularly in small business, who are running small businesses very competently and who would be an asset to the boards of those corporations, particularly since they deal with small businesses.

[10:30]

Hon. Mr. Grossman: I agree entirely. In fact, you'll notice on the Ontario Place board one appointment came up this year. We added a woman to that board, so two of the 12 at Ontario Place are now women.

Ms. Bryden: Moving on to industrial development generally, I have three or four points I want to discuss with the minister. I notice in the background notes about the industrial development branch, it points out, "Ontario must position itself as seriously interested in foreign investment by dispelling bad publicity (FIRA, Quebec separatism, nationalization of the potash and asbestos industries, et cetera) and by offering opportunities for plant location, joint ventures and licensing arrangements."

When you are marketing Ontario's resources and Ontario's work force to foreign investment, you're really selling off Ontario's assets to companies that will come in to take off the cream, move their profits across the border and reinvest them somewhere else in a lot of cases. It seems to me that should not be your main thrust. Your main thrust should be developing Ontario's resources and Ontario jobs by Ontarians for Ontarians. I don't see that in your industrial promotion section. I don't see very much evidence you're doing that, beyond the small business tax breaks which may or may not produce very much in the way of new business. What are you doing to develop Ontario businesses by Ontarians for Ontarians?

Hon. Mr. Grossman: I really have a little difficulty knowing how to answer that because the first hour and a half this morning has been a very useful and interesting run-through of essentially all of the programs run under my assistant deputy minister, Mr. Allan, on the industry side. All of those programs, including ODC, those votes we haven't got to, comprise our efforts to promote and assist Canadian-owned small, medium and large businesses in both expanding and marketing, domestically and in international trade.

I suggest to you the first hour and a half this morning comprised a very total and complete answer to that question. I might also say I know the rhetoric is easy when you talk about selling off our assets and invite the multinationals in here to cream off whatever you went on to say. May I say there are literally tens of thousands of Ontarians who are working for those firms who would report to you—not without exception, but by and large—that their employers are good, responsible employers who created far more wealth for them, as employees, and their families than they might otherwise have seen without that

investment. I would add it's not unique to our country.

Somehow Canadians, because of the extent to which our country has been developed—and it is unfortunate—by American dollars and American investments, continue to believe we are the only country that needs appropriate, timely and carefully considered foreign investments. In fact, as I said in the first or second day of our estimates, every jurisdiction, from New York City through to Italy and Mexico, seeks foreign investment.

When you go into the marketplaces of the world, you find you are hardly the first person to be there. In most cases, there's a steady stream of trade and industry ministers, premiers and prime ministers going through these jurisdictions, not to seek out any dollars—and we don't go there to seek out any dollars—but to seek out the kind of investment that ordinarily wouldn't occur in our country.

In many cases, we succeed in bringing technology to this country through licensing, through joint venture or through direct investment, which we aren't going to get by pretending that if we lock off the boundaries, close off the country and just make a lot of money available out there, it would occur within this country. In that sense, this country is not different from any other country. The reasons they have strong economies in some other jurisdictions is that on a carefully considered basis they have attracted the kind of foreign investment and technology from other sources which they have succeeded in building upon to complement those areas in which those countries themselves had a natural strength.

I don't want this to be taken in any sense as a defence of the branch plant economy we have here. But I think it's a mistake to confuse the problems we have with branch plants with our attempt to lure the proper kind of new international investment to this province which creates literally tens of thousands of jobs for Ontarians, and, in many cases, brings technology upon which our people can build for the next couple of decades.

Mr. Wildman: Could you explain that statement?

Hon. Mr. Grossman: No, I can't do better than I just did.

Mr. Wildman: If you're not defending branch plants, but you're saying we have to have what you call "further appropriate foreign investment," that means further "appropriate" branch plants.

Hon. Mr. Grossman: Unless you are prepared to presume in this day and age all new

investments have the same profile as all old investments, which is a simple branch plant strategy, then we're really talking about two different things, because that isn't the profile of all new investments. The reasons that branch plants have grown up here are related to tariff policies and the environment. The rationale for those branch plants have changed dramatically. You just can't pretend that investment in 1980 is made for the same reasons as investment in 1917 and 1921.

You might be interested in having a profile of the new investment which has occurred in Ontario over the last several years. In 1978, a cross section of new manufacturing establishments in Ontario showed this breakdown: Canadian new investment, 172 firms; US, 18; Germany, four; UK, one; Sweden, one; Italy, two; Finland, two; South Africa, two and Norway, one. In other words, 80 per cent of the total of some 850 establishments over a five year period, from 1974 to 1978 inclusive were Canadian-owned.

Ms. Bryden: The minister's policy may be changing that percentage if he's out beating the bushes for foreign investment instead of developing Canadian funds.

Hon. Mr. Grossman: If you were awake for the first hour and a half, you know it's not "instead of." You know we have a very comprehensive program to encourage those sorts of figures to continue. I know you want to say that the 80 per cent figure for the Canadian investment was all by accident, but we are totally responsible for the 20 per cent which were not Canadian. I know that's the way you want to picture it. I have to say that my predecessors and the programs in place in this government played some role in that job profile. Any suggestion you want to make that we have shifted our priorities in favour of seeking only foreign investment or seeking foreign investment at the expense of promoting Canadian firms is a distortion as I know you know it to be.

The first hour and a half this morning described everything we're doing. I'm proud of what we're doing and we're not trying to tilt in any other direction. You may continue to say it, but it is not so.

Ms. Bryden: I'm asking the minister to shift his priorities to a pro-Ontario picture rather than a sort of neutral one, which is what he seems to be suggesting. Let's get down to specifics. What is he doing to get new industry into Atikokan? I was up in Fort Frances a couple of weekends ago. There's a machine shop up there that would love to get into mining machinery. They didn't even know about the Sudbury show.

Hon. Mr. Grossman: Would you give me the name of that firm, please?

Ms. Bryden: Yes. I have it in my office and I will get it for you.

Hon. Mr. Grossman: Would you send it to me because it seems inconceivable to me that they wouldn't know about it. I would like to know if they obtained the information from my field staff. Would you send that to me?

Ms. Bryden: Yes.

Mr. Wildman: Can I ask one supplementary? With regard to those figures you gave us, indicating 80 per cent in the five-year period were Canadian, can you indicate what was the size of investment? Those are nice in terms of total numbers of investments in new companies or new firms. Can you tell us in terms of dollar investment what the percentages are in production of jobs so that we may know whether these 18 American firms were significantly larger than the 80 per cent of investments that were Canadian or whatever? I am curious to know if you have got those figures.

Hon. Mr. Grossman: I'll break that out for you because I think it's important. I don't have that here, but I'll get it for you. It's interesting to note, regardless of the profile, that there is still 80 per cent. The total for the five-year period is 681 Canadian new manufacturing establishments located in Ontario, of which 510, by the way, were assisted by our ministry. It's a rather impressive total. The total in terms of new employment is 21,900. We'll try to break that out for you.

Ms. Bryden: That gets me exactly to my next point. You say 21,900 in new employment. What actual monitoring do you do of the job creation the industries tell you they are going to produce when they receive assistance of any kind under small business or ODC grants or under the EDF? Do you have regular monitoring on an annual basis of how close they are coming to their targets? Under the EDF some of the targets are put in terms of three to five years in the future. Do you monitor them on a regular basis and get reports from them as to how many jobs they have created each year?

Hon. Mr. Grossman: In the case of the Employment Development Fund, a process is set up to monitor them every six months to make sure they are meeting their commitments. As you know, in the agreements we sign with the companies, there is length of time it takes to negotiate with the lawyer. That is because we have a contract and a legally enforceable agreement, which re-

quires them to meet their firm undertakings in terms of job creation over the five-year period.

Ms. Bryden: What happens if they have not met it?

Hon. Mr. Grossman: Then they have to refund the money on a pro rata basis. I will ask Blair Tully to respond in terms of the very extensive follow-up ODC does when it makes money available.

Mr. Tully: We review annually all the loans on our books for all three corporations to determine what success the companies we are doing business with have had in creating employment which they initially estimated they would be producing. As of March of this year, we have done it on an annual basis. That was for the end of fiscal years 1978 and 1979. Companies which we had on our books had estimated they would have created at that time 12,263 jobs. The actual employment at that time with those companies was 15,984.

Ms. Bryden: What happens to companies that had a shortfall? I presume some of them probably had an excess over what they had estimated.

[10:45]

Mr. Tully: Some of them would have had an excess and some of them might have had a shortfall. In total, there were some 3,700 jobs more than had been estimated at the time the corporations became involved in it.

Ms. Bryden: Is there any penalty imposed if they have a shortfall from their estimates?

Mr. Tully: No, there is no penalty because the corporation is a lending institution. We are not in the business of providing grants and we don't require any commitment on the part of borrowers to meet job targets. Our commitment is really in the success we have had in generating jobs and in helping those companies produce the jobs which they have estimated they would. If they are still surviving, one can anticipate they have produced the jobs.

Mr. Wildman: It doesn't necessarily follow.

Ms. Bryden: Do you have a report on what they had estimated and what the figure was so that we can see where the shortfalls are? Maybe you could table it later.

Mr. Tully: Would you like a list of all the companies and the jobs they had estimated? In total, as I said, the estimate was 12,263 jobs. The actual employment was 15,984 jobs.

Ms. Bryden: I guess those I would be interested in are those that had a shortfall and the amount of the shortfall compared with

their preliminary estimates. I'm suggesting that perhaps you could supply us with this information by letter later on.

Hon. Mr. Grossman: I just have to slip out to take a phone call for a minute or two. I think you can continue with my staff. I'll just be two minutes. Ms. Bryden, may I say I am not at all sure that providing that information is something ODC can do. We can give you general figures on that basis. If it's something we can provide under our legislation regarding the confidentiality with which we deal with those companies, we will be happy to provide it. If ODC provided loan assistance to small firms, as it does and as banks do, on the understanding that certain numbers of jobs would be created, and if they fell short of that target and, as a result, ODC called the loan, which is obviously what you are driving at, you would be the first—no, not the first, as there would be a lot of other people including myself—who would be screaming about ODC calling a loan and pulling its money back from a firm that maybe created 150 jobs where it had projected it would create 200 or 220 jobs. Obviously, where you are leading is that ODC should withdraw its funding from a firm if it has created only 150 instead of 220 jobs. In that case, we would put 150 people out of work.

I think the proper measure of the success of the ODC program is whether on an overall basis that lending institution has created the numbers of jobs, looking at its entire portfolio of loans, that it thought it would and whether its loss ratio is a reasonable loss ratio, neither too high nor too low. Measured on that basis, I have to say we created 3,000 more jobs than anticipated. Any attempt to narrow down or to stamp on those firms which haven't met their projected target which they gave us in all good faith, is really an exercise that is not going to prove too fruitful. If you want to pursue it, we'll get the figures for you.

Mr. Di Santo: I have a question on ODC as well. From our calculations the funds for ODC have decreased substantially since the 1978-1979 estimates. They went down from \$70,715,000 to \$58,635,000. These are the funds made available to ODC, NODC and EODC.

Mr. Chairman: That should come under vote 2306.

Mr. Tully: To answer the question, though we may not be on to that, while the numbers which are shown on page 66 of the estimates book that you're looking at reflect the initial estimates, the important numbers in there

are the three sets of numbers at the bottom of that.

Those figures reflect the cash allocations of the development corporations. In 1978-1979, the allocation to the corporations in the final analysis turned out to be \$40 million. Initially, it had been \$37 million. The allocation in the estimates for 1979-1980 is \$42 million.

Mr. Di Santo: The total is less than last year. That's what I mean.

Mr. Tully: I don't think the total from the point of view of the allocation for assistance to small business is less. It is more in 1979-1980 than it was in 1978-1979. There has been some saving on the administrative side. The administrative costs of the corporation have been reduced somewhat, but on cash allocations for small business there has been an increase.

Mr. Di Santo: The total allocation is \$58,675,000 as opposed to \$70,915,000. These are the figures I have.

Mr. Tully: What we are looking at here is the original estimates for the development corporations, the \$37 million in cash available, which is \$13 million, \$10 million and \$14 million for the three corporations. In actual fact, there has been an additional \$5 million in supplementary estimates.

Mr. Di Santo: We are not voting on that. Even with that, we are \$6 million less than last year.

Mr. Tully: In actual fact, the estimates for 1978-1979 were reduced by \$10 million in the final analysis last year because the money wasn't required in the development corporations' program, as you may recall.

Mr. Di Santo: That's exactly my question. Was the budget reduced because there wasn't enough demand or for other reasons that we don't know?

Hon. Mr. Grossman: Mr. Chairman, I'm really anxious to try to leave tomorrow night for tourism. I wonder if these questions might be answered under the ODC vote.

Mr. Di Santo: Mr. Chairman, since we are already at an advanced stage I would like an answer now.

Hon. Mr. Grossman: If you want to deal with it, I am in the hands of the chairman.

Mr. Di Santo: It's only a short question. It can be answered and then we can go on.

Mr. Tully: I think I can provide the answer quite simply. You will recall during the debates on the OHIP rate increase last summer subsequent to the budget there was a restraint of \$10 million which comes out of

this initial estimate for 1978-1979 from the development corporations. That took the cash allocation from what's in here. Taking the \$70 million, it reduced it by \$10 million. Subsequently, \$3 million in additional supplementary estimates was put back in. The reduction was actually \$7 million from the \$70 million.

In 1979-1980, there were supplementary estimates of \$5 million put into the cash allocation. In 1979-1980, you are talking about \$63 million, while in 1978-1979 you are talking about \$63 million.

Mr. Di Santo: My question is has the demand for loans or grants in 1978-1979 decreased or increased. Have you been able to respond to most of them or some of them? How many have you accepted and how many have you rejected?

Hon. Mr. Grossman: I answered that before you arrived. We indicated last year there was \$40 million available out of ODC. This year there is \$42 million available. I also indicated that what happened last year was for a couple of months ODC did not process cases, except for urgent ones, because the demand for ODC loans was larger last year than it had ever been before. We had a drastic increase last year in the number of ODC applicants.

Mr. Di Santo: Do you mean in 1977-1978?

Hon. Mr. Grossman: No, 1978-1979.

Mr. Di Santo: What is the demand this year?

Hon. Mr. Grossman: Perhaps this series of questions on ODC could wait for the vote.

Mr. Chairman: That's right. I would think so.

Mr. Haggerty: Mr. Chairman, on a point of order, a question was raised before about permitting other members to address the ministry on an important matter. The NDP has had the floor for 35 minutes for two speakers.

Mr. Wildman: Your member had it for an hour.

Mr. Hall: What about last night? Were you here last night?

Interjections.

Mr. Chairman: Ms. Bryden has the floor.

Ms. Bryden: I have a supplementary question. I have one other major concern, but now the minister is back, I would say I object to him trying to put words into my mouth about what I was driving at in requesting what action he would take if there was a shortfall in the employment provided, compared to the projections.

What I would like the minister to do is not cut off the loan, but examine his ministry's action in making the loan in the first place to find out whether it was well reviewed, whether the projections for employment were properly evaluated or whether it was a bad judgement on his part on some of these grants. He should be more careful in future in seeing that job projections are realistic. That would be very salutary. I am not suggesting he should close down a going concern.

The question of environmental impact concerns me. The Environmental Assessment Act does not apply to the private sector except by designation. What responsibility does the ministry take in making EDF grants, particularly, but also in making ODC grants or guaranteeing loans, for considering the environmental impact of any new project or any extension of a project? There is no requirement—at least, it is not enforced by the Ministry of the Environment—for an environmental impact study, but it still could be very important in considering whether to advance public funds to a new project.

Hon. Mr. Grossman: Public funds are available to all citizens who comply with the laws of Ontario. They may apply to our programs and they will be assessed on an equal basis, provided they are complying with all rules and regulations, environmental or otherwise, of Ontario.

[11:00]

I might add over half of the pulp and paper program out of the EDF is to the pulp and paper industry. A good portion of that is to allow them to install environmental and other equipment they otherwise couldn't have bought without our assistance. Last night Messrs. Girvin and Allan were talking about the way the negotiations go with the pulp and paper companies. In answer to one of your colleague's questions, Mr. Allan indicated specifically that in the case of that company one of the things government participation had caused to occur, which otherwise wouldn't have occurred, was the installation of some environmental equipment. By the way, they weren't otherwise obliged to do that, but we were successful in negotiating it into a contract as a term of our assistance.

For the development corporations, for those loans and guarantees approved as of September 30, 1979, I want to read you the figures. There were 42 term loans for pollution control equipment, amounting to \$3,443,000.

Ms. Bryden: Do you make it a requirement, in considering any application for either EDF or ODC, that an environmental impact study be done by the company or some submission be made or some analysis be done by Mr. Duncan Allan's department?

The environment isn't mentioned at all on this list of what one has to submit when applying for an EDF grant.

Hon. Mr. Grossman: I'll ask Mr. Allan to respond and tell you the way it goes when a company does come in.

Mr. Allan: The environmental standards that apply, whether for noise or air or water, obviously must be met on that new investment Two, the owners or the principals of that project are going to have to live with the environmental compliance down the road. They try to build in what is required from the outset.

We try to take an activist's role in this with the Ministry of the Environment by getting them to state what the world is going to be like, what these companies must have and what standard they're going to exact in advance and with some clarity. I have gone with noise people and others from the Ministry of Environment directly to look at comparable facilities and said: "Is that kind of furnace or that kind of noise operation going to cause you any concern? That's the kind of thing he wants to invest in. Make up your mind. Tell him in advance what he's going to have to meet, and then he can plan his investment accordingly."

We tend to move in to be sure the investor knows the rules clearly, particularly if he's a foreign investor. We have laws, but it's the concrete application of those laws he needs to know. We want to ensure the certainty is there at the outset and that the pollution controlling devices attached to the investment are put in at the front end. We're not going to support a case if we get any indication at all some guy is trying to cut corners or trying to shoot something through the system, particularly with public funding, that doesn't meet the current standards.

We're more concerned if those standards are not clear in terms of a new investment because there might be an upgrading or a new plateau required three years from now. An investor wants to know what are the rules over a reasonable term or life of that asset. We're trying to get the Ministry of the Environment to state those things very clearly. We want them to say, "If you have the best-known technology today, we'll live with that if the plant lasts eight years."

Mr. J. A. Taylor: With respect, that's not what she's asking.

Mr. Allan: There's absolutely no running through the standards or subverting the existing laws.

Mr. J. A. Taylor: You're not asking that are you? What you're asking is whether you use the leverage of a loan to extract an environmental assessment in that process, even though it is not required under the law.

Ms. Bryden: Thank you, Mr. Taylor. That is exactly what I was asking.

Hon. Mr. Grossman: The answer is no.

Ms. Bryden: I thought the Ministry of Industry and Tourism might be the beginning of extending the Environmental Assessment Act and process to the private sector.

Hon. Mr. Grossman: Did you really?

Ms. Bryden: Perhaps not with the present minister in place.

Is the ministry considering any possible assumption of equity under the EDF for some of the advances, rather than just making them straight gifts from the government?

Hon. Mr. Grossman: Not at the present time.

Ms. Bryden: What return are the people of Ontario getting from them?

Hon. Mr. Grossman: We went over them the other night. Let me just run down the grants to date.

Dominion Twist, Smiths Falls, got a grant of \$450,000, involving 295 jobs, and investment by the company of \$4.8 million. The tax payback period in terms of how long it will take the taxpayers of the province to get all of their money back is three and a half years, but leaving 295 jobs in the town of Smiths Falls is rather important.

Industrial Tires in Mississauga got a \$450,000-grant, involving 127 jobs, with \$9.2 million of fixed assets invested in the total project, over a five-year tax payback period.

Ms. Bryden: What do you include in tax payback? Is that sales tax paid on purchases of everything they buy?

Hon. Mr. Grossman: The total amount is provincial taxes flowing from that investment, which otherwise wouldn't occur but for the EDF funding.

Ms. Bryden: They are being provided with government services too, so they should be paying some taxes for that.

Hon. Mr. Grossman: Let Mr. Allan explain it to you. I don't want you to have the impression that those are trumped-up figures.

Mr. Allan: There's an attempt to determine the new or the marginal impact of that investment and the intended employment. You measure the difference between the tax contribution of a man or a woman drawing unemployment insurance and the average pay that employer is going to pay them.

You are moving from \$120 a week, or in that ball park, to \$110 a week; so you measure the personal income tax increment that attributes to having a person working and drawing a bigger pay cheque than if he is drawing on the poge. You also measure the corporate cash flow and feedback and what we expect to secure in terms of our corporate tax revenues directly from the company.

Hon. Mr. Grossman: It's an NDP program.

Mr. Allan: There are property tax payments obviously. Our local industrial commissioners and our municipalities are also very very keen on the direct feedback to the community in terms of supporting local services. If you have a \$9-million investment, the assessment division will be in there putting that book value on to the municipal rolls very quickly. You apply the average and the local mill rate to it and you get a pretty good idea what the additional municipal revenues are going to be as a function of that new asset formation. That's what we take into account.

Ms. Bryden: That's for municipal costs. They do have garbage collection. They have to provide schooling for the kids and that sort of thing.

Mr. Allan: When you are closing down schools it's very difficult to see additional costs attached to having more people to use the schools we already have.

On the garbage collection, if they have to extend one more drop on the route, it's difficult to attach any additional costs to the fact that the truck makes one more stop on his route. Obviously, there is incremental cost. It's difficult to pin those down at that margin, but you can make a pretty good shot on the revenue side.

Ms. Bryden: I mean the company itself in its expansion may require more roads or more services of various kinds. I'm saying that some of those taxes are for services rendered.

Hon. Mr. Grossman: Your question was, what benefits do the taxpayers of Ontario get from the Employment Development Fund? The answer, without taking you through all of these because I don't want to use up the time, is that so far in announced grants the taxpayers have given approximately \$5.6 million worth of grants, outside of the pulp

and paper industry. They have created 2,284 jobs and have caused new investment in this province of \$88.9 million. I must remind you that those are figures for only six months. In six months the taxpayers of this province have created \$88.9 million worth of new investment, new fixed assets.

In total, what did the taxpayers of this province get? In the case of the EDF, they got 2,284 jobs, a great deal of new technology, a substantial number of dollars improvement in our trade balance, a lot of import replacement, and in the gross figures a fair amount of export business. I could give you all those figures but I suspect it will get into amounts of time. That should answer your question.

Ms. Bryden: This is my last question. You said \$5.6 million had been granted outside of the pulp and paper industry. How much has been granted to the pulp and paper industry and how much of the \$200 million is left at this date?

Hon. Mr. Grossman: This will repeat everything I said last night. As of 11:10 this morning, about \$7 million has been granted to Spruce Falls in the pulp and paper industry, creating an \$88.2 million expansion in that particular mill.

Ms. Bryden: What I really want to know is, how much is left in the fund?

Hon. Mr. Grossman: We started with \$200 million. That has been cut down to \$165 million due to constraints. In essence, what we're left with is about \$30 million to \$35 million that is uncommitted at this stage. Don't forget, however, there is a large unannounced portion.

Ms. Bryden: I don't think that figure came out last night. We heard about individual portions of individual ones, but we didn't have the total.

Hon. Mr. Grossman: Yes, it did.

Ms. Bryden: There is \$30 million to \$35 million left for this fiscal year?

Hon. Mr. Grossman: Yes. My friends over here asked me if I had enough money to get to the end of the year. I was indicating we had \$30 million and we thought \$30 million to \$35 million would get us through. I should say we talk about that range because after the board of the EDF approves the grant, in negotiations with the lawyers it often comes out that the company comes back and finds out after a detailed analysis it needs more or less funds and has created more or less jobs. Then it comes back for final approval and signatures. That's why the amounts are a little uncertain but it's in that range.

Mr. Eaton: I wanted to ask a couple of very quick questions. In your program for initiating new product development here or new opportunities for business for manufactured products, is there a promotion piece you put out? Is there something which goes out to a lot of companies with ideas that could be developed here, such as import replacement programs?

Mr. Allan: We put out a bulletin called Manufacturing Opportunities, which deals with joint venture possibilities, and new product and process opportunities. Somebody may find that a manufacturer or an agency says, "Gee, I'd like to have widget Y. They seem to be selling well in Tampa. Why haven't we got anybody making them or selling them up here?" We put that inquiry out, put a number beside it and act as a post office or clearing centre for people who say, "Can I get more information? Where do I get the technology? Can I get a licence for that product for North America or for Canada?" A large number of those are dealt with each year, with our ministry acting as the broker. We're the market between the people who want to take it up and start that kind of business or develop that product line, and the guy who owns the technology and is prepared to make the licence available or who might want to make a direct investment in it.

Mr. Eaton: Do you take a further step of looking at imports coming into this country that aren't produced here and doing a study on the feasibility of producing them here? Do you say, "Look, here's a product that could be produced in Canada according to our figures, perhaps you should be taking a look at it?"

Mr. Allan: Yes, we do; the gap analysis as it's called. We look at the balance of payments position for major companies. Obviously one of our objectives, particularly with multinationals, would be to try to secure something close to a balance over a longer period of time. We don't want them to run just a selling operation in Ontario. If they've built up a significant market in Canada we like to make the pitch directly to them to build a plant here and service the market. So we look for with the big companies something approximating a balance of payments equilibrium. With the smaller companies, where there are opportunities, it depends on the industry structure. If we have a fairly fragmented industry with a lot of small competitors and nobody in a dominant position, you can still see an import component but one of the principals are big enough to take care of it. Certainly that plays a role in

determining where we put our effort in terms of trade missions, where we put our effort in terms of industrial development or product development.

[11:15]

But by and large, public servants are no damned good at determining where a guy is going to make a buck. They just haven't got the same hard-nosed smell about it as the guy who is going to put his own money up and who wants to gamble on it. So we are reluctant to go in and say, "You should be in widget A because there is nobody else in that."

Mr. Yakabuski: Would you say that again for the record?

Mr. Eaton: So you say, "Here's an opportunity on something that might be produced." You've got to look at it individually, I recognize that. What kind of distribution is there on that type of information?

Mr. Allan: We do market research in that sense. If a company comes in, particularly a company that's struggling a bit, comes in and is making coat hangers—everybody knows that wire coat hangers are going out, plastic or wood or something else are coming in. In a situation like that we work with the feds and we work on our own directly with the companies. We may say, "With your labour force and with your machines, what is it you might do with this facility to get into a better product line?" We look closely at who is importing a lot of product. We don't want to get him into something where he is going to lose a buck or it's going to be very tight. We tend to look for a related product line where there are quite a few imports that they can take a run at. But they must make that decision themselves.

Everybody wants to buy a plastic moulding machine and go into the plastics business because they think it's great, but the fact is that they fall in love with the machine and a lot of them are going to go broke.

Mr. Eakins: Mr. Chairman, could I just rise on a point of order? To discuss the other half of ministry activity, which is tourism, and in order to have even two and a half hours out of the 15 available, it would be necessary to pass this vote and the vote on the Ontario Place Corporation by 12 o'clock noon otherwise the other half of industry and tourism won't even get a discussion.

Mr. Chairman: The minister has told members he wants these votes passed so we can move to tourism tomorrow night.

Mr. Eakins: I don't think two and a half hours out of 15 is too much to ask for one half of the ministry.

Mr. J. A. Taylor: Especially an important half too.

Mr. Eakins: Absolutely.

Mr. Eaton: What type of distribution is there on this information which comes out every two months?

Mr. Allan: Twelve thousand companies.

Mr. Eaton: Is there any level or size limitation? I had one company official who said, "We manufacture under \$250,000 worth of goods a year and they say we can't get on the list."

Mr. Allan: I would like to know the name of the company. We have made a major effort over the last six months to build up a comprehensive mailing list. I started by getting Fred Hall's field force to send me a list of everybody they call on and the ones they regard as their manufacturing clients that we haven't called on in the last year. We have built that up into a comprehensive ministry mailing list of industrial clients. We send our manufacturing opportunities brochure, and product listings and so on, to all of those companies. It's quite possible there is somebody we have missed. Give us his name and he will be on the list by the next issue.

Mr. Eaton: There's no criteria?

Mr. Allan: Everybody gets it, that's the criteria. We want to get to every manufacturing plant in Ontario, every company; we send it to companies which have as few as three employees.

Mr. Eaton: There is one other area I wanted to discuss briefly, and it's an area where there seems to be a gap. I refer to agricultural servicing. For instance, the small meat processor seems to be coming back in, the operator of small abattoir and so on. They don't fit in under an agricultural program and they don't seem to be acceptable to ODC. We find that in some other cases as well, such as elevator operations, where they are into milling products and this sort of thing, there just doesn't seem to be a category where they fit in. Have you looked at that a little closer lately, with the possibility of—

Mr. Allan: Yes, we have run into a number of situations where on first flush they appear to be falling through some gap in our system; but I guess the key when you're refining or processing a natural product, an agricultural product, is to be sure you have the beef, for example, that somebody is marketing enough beef in your area to be able to service an abattoir. In that particular instance I know there's a lot of interest, but there are also two fundamental realities. Three major meat

packing plants have gone broke out west, the Mafia seems to have a significant role to the east of us in what happens in the meat packing business and we've had a couple of guys go broke in Ontario, so we're not overawed by the prospects of getting a guy into that business.

Mr. Eaton: You're talking about a pretty big operation when you're talking about the big plants. One of my concerns in the industry is I think some of the big operations are very vulnerable. In many cases, they haven't modernized much over the last number of years. They are in a really precarious situation in beef right now because of the type of market there is. They're just not putting the product through.

What I'm looking at are the one, two, three-man operations that are doing a bit of retailing, and maybe servicing a number of stores. I think in many areas that's a viable alternative to some of the big plants. I know the percentage being processed that way is small, but I think there is an opportunity there, probably on a much sounder basis with the vulnerability of our big plants right now.

Mr. Allan: I'm inclined to agree. From the point of view of our ministry the way we would normally move into an area like that is we would like a signal of some kind from the Ministry of Agriculture and Food, or from the local member or the community, saying "We're interested in an abattoir and we've got somebody here who wants to be the principal or put money into it or get a business going." When that starts to happen then we can work with them fairly closely, but we can't—

Mr. Eaton: I've had a couple approach the office down there, and they simply told me that they don't fit in.

Mr. Allan: Which office?

Mr. Eaton: In London.

Mr. Allan: If that signal is coming out and really is not true, because we don't have hard and fast rules about who fits in. It is everybody, in a sense. The role of the ministry is to work with other ministries. If agriculture has a primary role in this it's to say, "Yes, we think this would be a good thing for the area and it can work." If our ministry through our local field officer obviously has just the reverse answer he should be going to see the principal fairly quickly and trying to help in any way he can to put that deal together. So it's possible that they did get an initial negative, that it doesn't fit in. We don't have categories and packages that run people through fine screens. Business develop-

ment, private capital and jobs are our business, whether it's cutting up hides or plucking chickens or whatever it is. I'd like to know the instances, and again we'll go back.

Mr. Eaton: I'll discuss it further, later, and maybe talk to the minister. Perhaps it is something we need to look at regarding the policy too.

Mr. Wilson: You may want to know, Mr. Chairman, just what ODC has done in this area. Do you have that, Mr. Tully?

Mr. Tully: I'm surprised at what you say and the feeling you say exists out there when I look at cases in which the development corporation has provided assistance. I have looked over just the last three months. We've had about a half a dozen food processors—somebody in the bean business, a flour mill, a small winery in southern Ontario and a cheese manufacturer. There are a number of cases. These are the kinds of things in which we're fairly active in assisting food processors. So there is certainly no hesitancy from the development corporation's point of view to get involved in that kind of an operation. In many parts of Ontario that is really the base for manufacturing developments, small business developments. It's something we actively pursue, and that we are actively interested in. I'd certainly be interested in any cases that have had a problem or in any referrals that you might have.

Mr. Eaton: That's certainly good to hear; thank you.

Mr. Chairman: Mr. Haggerty.

Mr. Haggerty: I want to follow up the question I asked the minister on November 2, 1979 relating to the employment and development fund; in particular, the Treasurer, along with your representatives of ministry, was to meet with the federal ministry on having the DREE program expand into other communities and other regional areas in the province. What success have you had in that particular area?

Hon. Mr. Grossman: Not much.

Mr. Haggerty: Not much.

Hon. Mr. Grossman: The Treasurer was addressing the House the other day; he has been trying very hard for example, to get Mr. Eaton's area, and the Treasurer's own area, included in the eastern Ontario agreement. The eastern Ontario agreement should have been signed by now. We just haven't succeeded in getting it signed. The Treasurer, especially, spent a great deal of time looking everything possible to get it signed.

Mr. Haggerty: In the recent announcements or statements by the ministry respon-

sible—I guess it would be for the federal budget—Mr. Crosbie indicated that much of the federal budget this time would be going into businesses and the development of projects for job creation throughout Canada. I thought, hopefully, that the DREE program would apply to other areas in particular need, some areas in the Niagara Peninsula that need—

Mr. J. A. Taylor: Especially when it applies to Montreal.

Mr. Haggerty: It applies to Montreal, yes, the city of Montreal. We need another Drapau, I guess.

I thought that based upon this new federal budget perhaps another pitch should be made to your federal counterparts suggesting if they are looking for industrial and business development they have to broaden the criteria for other areas to be accepted under the DREE program.

I have also thought that your ministry should give some consideration to a feasibility study on making better use of the facilities along the Welland Canal. I don't know if your ministry has done any studies regarding using the land that is sitting idle along the canal banks. It has a good existing waterway and the draught is suitable for ocean-going vessels. If you travel the Queen Elizabeth highway you will see the large number of ocean vessels waiting to enter the canal to get to the upper Great Lakes system. It's the same thing in the Port Colborne harbour. Maybe a major shipping terminal should be constructed along the Welland Canal, perhaps even in the harbour in the city of Port Colborne. There should be something there so one could move the flow of goods along a lot quicker than is being done now. Some of these ships are tied up there three or four days waiting to get through the canal system, and this can be costly.

There are good possibilities there for a shipping terminal to be constructed by someone. Perhaps a study by your ministry may give some indication that this is an area that should be developed, that something like that should be established in this particular area.

I think particularly of the city of Port Colborne, with the cutback of the nickel operations, the loss of the Canada Cement plant that had harbour facilities, and Algoma Steel that is shut down now. There is an excellent channel there, with excellent docking facilities already available. All that is required is for some form of a building to go up. I think what it requires is a study or some input from your ministry to bring about an awareness of the potential of this

particular area. Has the minister given that any consideration?

Hon. Mr. Grossman: Yes, we have. Just to emphasize the point, I should tell you that my deputy, Red Wilson, was not only born and raised in Port Colborne but was one of its leading citizens, athletes and problems.

Mr. Haggerty: We seem to lose quite a bit of talent because there aren't too many jobs available, that's our problem.

Mr. Eakins: A living example.

Mr. Haggerty: We lost Peter Kennedy too. That's always the thrust of the address given to the students at the graduation from high school, "Get out of the town because there isn't a job available for you here. You will have to head for some larger community, a larger city or some place like that.

Hon. Mr. Grossman: One of their favourite sons is working very hard. I know all about the town of Port Colborne, I know all the firms you told me about, he has regaled me with all the stories. He used to work at about half of those places.

Mr. Hall: Got fired a lot, did he?

Hon. Mr. Grossman: He earned his way through school in some of those very plants you have told me about, so we are aware of those things personally. He loves Port Colborne, but he wouldn't trade his current job for a job anywhere in the world, including Port Colborne.

Mr. J. A. Taylor: Does that answer your question?

Mr. Haggerty: It does, it sums it up pretty well. The ministry in a sense says, it doesn't give a damn about these outlying communities, except for larger communities like Toronto and a few other places.

Hon. Mr. Grossman: That is not so; the matter you discussed has been raised quite seriously.

Mr. Haggerty: Let's get down to the serious part of it.

Hon. Mr. Grossman: Quite seriously, Red Wilson, because of his knowledge of that area particularly, has in fact been able to bring a fair degree of awareness, certainly in my office and in the policy and priorities branch which he formerly headed, to some of that input from a community which has suffered from the very things you've talked about. There is a good deal of awareness in the ministry of those kinds of things.

As you know we are jointly funding, with Treasury, a study of the economic potential of the whole peninsula area. Some of the questions you raised, some of the potential

you raised, will be dealt with through that study. We share that concern and do identify what should be potential opportunities there. This study, I think, will help us somewhat to determine how realistic our guesses are as to what has potential.

[11:30]

Mr. Haggerty: I was afraid it might relate only to the cities of Niagara Falls and St. Catharines and forget about the northern part of the peninsula.

Hon. Mr. Grossman: You don't think my deputy would let that happen.

Mr. Haggerty: Well I don't know. We'll have to get together and discuss the matter, maybe I can lead you this way. The docking facilities are there, the potential is there. It has an excellent turning basin for larger ships. There is no reason why there shouldn't be some development there.

The St. Lawrence Seaway opened up, I believe, in 1958. They told us then this was going to do a world of good for that community; jobs would be created, they could see the development coming. But it missed us for some unknown reason. We would probably have been better off if we had left the canal at an 18-foot draught and had the terminals in Port Colborne as it was a few years go. The big ships used to have to change their cargo there to enter the lower canal system.

Hon. Mr. Grossman: I might say that the mayor, Bob Saracino, has been in to see us and I have met with him. He has been in to the ministry a couple more times talking to us about an industrial park and he has been talking to us about some other opportunities there. The study will include that area, so we will be paying some attention to that, I think.

Mr. Haggerty: Thank you.

Hon. Mr. Grossman: I would remind the member that Square D is currently going to Port Colborne, but they have closed down a plant in Toronto which has caused my friends here to get very anxious, so I won't raise that at this time.

Mr. Haggerty: No; it's just moving jobs from one location to another. There are some difficulties in that area and I suppose that's one of the problems that occur. We've seen it with Hayes-Dana in St. Catharines moving to Barrie, it's the same thing. We have sufficient lands and facilities there, that's why your ministry should encourage them to stay there and develop what lands they do have.

Hon. Mr. Grossman: I don't want to pursue it just now, but I would be happy to explain the Hayes-Dana situation and why they made that decision.

Mr. Haggerty: There is a problem of high unemployment in that particular area.

Hon. Mr. Grossman: There sure is. I might tell you that in terms of EDF applications we have had some from the peninsula.

Mr. Haggerty: I know there are some pending somewhere.

Hon. Mr. Grossman: More than the one we referred to yesterday. The peninsula is a high priority for us in terms of deployment of EDF money.

Mr. Haggerty: I did drop you a note before about the Unit Rig and Equipment Company located in the town of Fort Erie. That created roughly 200 jobs. It manufactures heavy mining equipment, much of which is exported to Europe, to Russia and places like that. So there are those companies here; this is an American-controlled firm, but still it is creating jobs here and exporting and playing an important role. I think your ministry was a help in having that locate there, we appreciated that assistance.

Mr. Chairman: We have spent five hours on this vote. I am going to skip the next two votes to go to 2306, industrial incentives and development program, which will give somewhat the same argument. Mr. Miller will be first, but I want to get these votes passed.

Vote 2303 agreed to.

On vote 2306, industrial incentives and development program:

Mr. G. I. Miller: Thank you, Mr. Chairman. First of all I would like to say thanks to the minister. I have a couple of problems I would like to bring to his attention this morning. They have both been brought to his attention by letters from me on November 15 and November 22.

The first concerns the tobacco area in Delhi, and in particular one Mr. Blaine Phillips who owns Norfolk Oil Limited.

As the minister is aware, blue mould has caused considerable loss of income in the area. It has deprived a lot of people of jobs, many of whom were depending on them to pay their fuel bills. That has particularly affected this company and Mr. Phillips indicates that he has had money owing from last year. Due to the work shortage, debtors have not been able to pay their bills and this has created a real cash flow problem for many of the companies. Mr. Phillips in-

dicated that there were four other companies, small entities, in financial difficulty in Delhi and the surrounding area. I know you have been good enough to look into it and report back that it didn't seem to be as extreme as indicated by Mr. Blaine Phillips, I was wondering if you have anything else to report at this time?

Hon. Mr. Grossman: Yes. The case you have referred to is, in fact, the single case that has been brought to our attention. We had a field consultant of the Ontario Development Corporation review that situation. It was the feeling of our consultant that through private lenders, and perhaps the Federal Business Development Bank, that particular firm could be assisted and that those were really the proper sources to look to, after what was a very difficult and unfortunate occurrence.

In other words, these kinds of problems are not the traditional ODC type of problems. In cases such as this, we want to make sure that ODC is available where there is no alternative outstanding for the firms, so we don't simply say that this kind of situation doesn't fall within ODC's mandate. It doesn't, but we're not just sloughing it off in that way. What we do is have our consultant investigate any cases brought to our attention.

The consultant can often assist the business person. In this case they did by guiding them to the proper institutions that are set up to look after that sort of capital requirement. In this case it was the FBDB.

There may be more cases, and our field staff has been instructed, by means of Blair Tully, to look into any businesses that have any problems as a result of that disease and to consider the situation. ODC will consider any case, I suppose we would say on an exceptional basis, to see if there is a pressing reason why there is no alternative available and if it is an instance where we ought to consider making some assistance available, notwithstanding the fact that it would not be considered to be part of one of our regular programs.

I wouldn't want to give you the impression that it's part of the day-to-day operation or business of the Ontario Development Corporation or that ODC is the vehicle to do that, but I also want to take pains to say we're not closing it off from looking at anything that would be deemed an exceptional case which can't otherwise be looked after anywhere else.

Mr. G. I. Miller: I did bring to your attention too that the federal Minister of Agriculture announced a program for the farmers

who were in financial difficulty, and I suggested that maybe the same criteria could apply to industry so these companies could survive this particular year. It could be maybe a one-shot project to cover the difficulties, particularly of this company and the four other people whose names he gave me. I would like to pass those names on to you. I don't want to make them public; I haven't the authority to do that or haven't discussed that with him. He passed those names on to me. In this case his mother's home and his own home are at stake, and they have been in business for 30 years.

Hon. Mr. Grossman: Just send him in, we'll look after him.

Mr. G. I. Miller: Thank you.

Mr. Haggerty: Is that a Tory blue mould?

Hon. Mr. Grossman: There is no mould associated with Tory blue. It keeps renewing itself; and it does get better with age.

Mr. Makarchuk: Just very briefly, as supplementary: Part of the problem there is the fact that the major oil companies are not providing fuel. They have cut off the credit, they've insisted on immediate cash payment on delivery. In fact that area is being investigated by the federal combined investigation division at this time. Is the minister aware that this situation is going on, and of the fact that small independent oil dealers are having the blocks put to them by the major oil companies right now? Are you aware of this? Are you doing anything about it?

Hon. Mr. Grossman: No, we are not aware of that situation.

Mr. Makarchuk: You are not aware? Does the federal government make an effort to notify you at any time when they move into a situation to try and examine what they consider some devious business dealings?

Hon. Mr. Grossman: Not necessarily. They may sometimes correspond with the Ministry of Consumer and Commercial Relations. They would correspond with us if it's a company with which we have had a direct dealing, that sort of thing; but it's not a 100 per cent situation, they don't always let us know.

Mr. Makarchuk: Have you and your party, or those responsible for the development program, at any time been involved, or do you feel you should be involved, in trying to protect the small businessman? In this particular case, if it's the case he is referring to, as well as from similar cases which I am aware, the major oil companies are just cutting off supply or insisting on conditions that make it impossible for the person to operate.

Hon. Mr. Grossman: Of course we feel we should be involved; if you can substantiate those facts and send them on to us—

Mr. Makarchuk: I think the problem of trying to substantiate the facts is very difficult, because the company has so many ways out. They say, "Well, we have just changed our policy and we want cash on delivery." Of course he supplies the farmers, who in turn have to wait three or four months or until they sell their tobacco or their produce before they can make payment.

Hon. Mr. Grossman: I'll have my field staff check into that.

Mr. G. I. Miller: Thank you, Mac. That was the point that he did bring to our attention; that is the difficulty of buying fuel, the pressure that was being applied and the fact that the stiff competition was more or less forcing small business out of existence. I was also talking to one of the consumers he was supplying and there was the question of quality. It was a concern to the particular farmer I was talking to only last week. It seems the pressure is really being applied to him from all sides.

Hon. Mr. Grossman: We'll check into that.

Mr. G. I. Miller: Thank you. Would you be willing to meet with them if there was a group that was concerned enough to come down to discuss the problem with you? Would you be interested enough?

Hon. Mr. Grossman: Sure, if that becomes necessary, but my field staff might be able to do a lot of the ground work for us. Perhaps you and I can speak about it.

Mr. G. I. Miller: Thank you. The second item that is certainly affecting my area concerns 25 skilled workers who came into my office—well 15 came in last Saturday—expressing concern about the National Steel Corporation of Canada at Capreol closing down. The indication is that they will leave in the spring. Some of these people have come down to our area to work at Steel Company of Canada Limited. There have been 25 steel workers who do have a job there now. They have homes in Capreol, and of course they have to have accommodation at Nanticoke, and now they are in a financial bind trying to keep both payments up. It's putting a lot of pressure on their families, on their financial resources. They have also requested a meeting with you. I think that meeting has been arranged through the Premier's (Mr. Davis) office, that was announced this morning.

Hon. Mr. Grossman: That's right; the Minister of Labour (Mr. Elgie) and I are going to meet with that group.

Mr. G. I. Miller: Is anything being done from the Capreol point of view to pick up those jobs? Are you aware of the problem?

Hon. Mr. Grossman: Yes. Labour is the lead ministry on that. They have a manpower relocation committee going, trying very hard to relocate these people, such as the 25 you're talking about. I suspect that a fair number of them will end up being otherwise employed, and being relocated.

That, of course, doesn't solve the problem of their investment up there in their homes, that's a difficult situation. Purchase of a house is a private decision. One hopes that the people in the industry, the company, the workers in the industry, are all sharing information to know just what the likelihood is for future markets, so people making private investments are making it knowing all the circumstances.

Mr. G. I. Miller: I think though, through discussions with them, that the reason the plant closed down was because of the fact they had an iron mine in Michigan. The federal government, they indicated to me, stepped in to make sure that that one was maintained and kept open while the one in Canada was closed off. It just indicates to me the American government had some influence on it because it is an American-based firm.

[11:45]

From my point of view, it appears maybe that should be the case here. There should be some influence, either by the federal government or by your ministry, to keep that mine open and keep those jobs available.

We've had discussions with Elie Martel. He's been involved with it too. He's the member for the area and he's well aware of it also.

Hon. Mr. Grossman: I guess there hasn't been a single instance since I became minister in which we've spent more time and effort on trying to solve a closure than on that one. Bob Elgie and I met with the company and the people they sell to on at least three occasions that I can remember. On two of those occasions the Premier was in on the meeting with us. That's the level at which we carried on the discussions.

Those meetings were pointed not just to relocating the employees but seeing what we could do to keep the mine in operation. I'm working now from memory—forgive me for this—but as I recall it was not only a problem of market, in the sense that there was a glut on the market for the pellets, but also the quality of the pellets being taken out of that particular mine was a factor.

While we could find the Canadian companies—I wish I could remember the names of the companies; yes, it was Algoma, Dofasco and Stelco. We met with all of them to try to get them to see what they could do to pick up the slack, to buy the pellets.

Mr. G. I. Miller: What was their response?

Hon. Mr. Grossman: Their response was that in order to produce the quality of pellets necessary for their operations there would have to be certain investments made in the mining operation which would bring the product down to the five per cent range, as I recall, of silicone, in order to make that a good investment. But that would affect the price and the price then would make the product uncompetitive in the marketplace.

I don't purport to remember all the facts this morning. I can tell you, though, that there is absolutely no case upon which more effort was put by myself and my senior staff, Bob Elgie and his senior staff, and the Premier and the companies involved to make that proposition work. We tried every single proposition.

We had a couple of the companies agreeing to pick up some of the materials under circumstances that really would cost them some money. They were willing to give away some profit and pay extra costs for the input. The problem was we couldn't put enough of the pieces together to make that a viable proposition.

Again, without getting into all the details this morning, I do want to take this opportunity to say that in that particular instance, not to speak for all other instances, Dofasco and Algoma and Stelco really showed quite a great degree of corporate good citizenship or whatever we want to call it. Senior executive officers came to whatever meetings were called and made every effort to go back and study the situation as we developed new alternatives with the company to try to make it work. As I say, in some instances they agreed to pick up uneconomic shipments. Ultimately we just couldn't put the pieces together.

Mr. Di Santo: I'd like to ask the minister a question about Carrier Footwear Corporation. Can you relate frankly what the situation is, and what your relationship is with Carrier at this point vis-à-vis the \$2 million given to them?

Mr. Tully: The Carrier Footwear Corp. case is now in the hands of a receiver. The receiver has put out for tender the various operations in Ontario.

The position of the development corporation with the company was in the form of

a \$2 million guarantee, which was provided in the fall of 1978, to assist them in expanding lines at three of their plants in Ontario, and in the process creating 195 new jobs. The major expansion in that process was to be at the Carlaw plant.

Subsequently, and fairly shortly thereafter, the company began to experience financial problems, largely in the area of working capital, and had to slowly retract its position. Whether or not additional new jobs were ever created is somewhat in doubt.

Mr. Di Santo: You don't know that?

Mr. Tully: We don't know whether or not the new jobs were ever created, but the term during which they had access to our guarantee was so short that I guess it's really irrelevant whether there were more people employed for a very short period of time or not. Employment was roughly in the area of 800 in the middle of this summer and is now down to something just over 100.

As I said, the operations are in the hands of the receiver at the present time. He is assessing a number of options with respect to all of the operations of Carrier, and is exploring potential buyers for all of those operations.

We ourselves have been in discussion with interested parties to see what assistance they might require from the development corporation or other lenders. At this point in time we're fairly hopeful that a party will take over the operation, either in whole or at least that the various components of the operation will be picked up and continue to operate. Our discussions have been with various parties interested either in the whole operation or the various parts.

I guess at this point we've declared our willingness to discuss the options with any serious buyer and to explore the possibility of providing assistance to them.

Mr. Di Santo: Was the situation precipitated only because of the working capital problem, or were there problems related to the structure, the production or to the competitiveness of the company?

Mr. Tully: Certainly this would have to await a full report from the receiver, who's looking into the company's financial situation and how it got to the position it did, but I believe the major problem was substantially one of working capital, of an inventory which proved to be substantially overvalued. When a correction in the inventory value took place it showed the company to be in a very precarious financial situation. It was largely that which triggered the bank's interest in putting the receiver into the situation.

Mr. Di Santo: What are the conditions on which the Ontario Development Corporation gives guarantees or loans? If you have a moribund company, do you still give them a loan or do you make some stipulations there?

Mr. Tully: Our guarantee was secure, in the sense that if we chose to recall our guarantee or if we took steps to recover on the money which we'd extended we could do so if the company didn't choose to meet what we had initially undertaken with them as part of the agreement.

In the case of a company which is in receivership, our financial position is obviously somewhat precarious. Whether we will recover on the \$1.8 million or \$2 million guarantee which we have provided here is in question.

Mr. Di Santo: This is not an aspect in which I am interested at this point, I'm interested in the other aspect. When you have a company which applies to ODC, what are the requirements before you can proceed with the loan?

Mr. Tully: Do you mean in terms of its financial situation?

Mr. Di Santo: I don't know; in general does the company have to be viable?

Mr. Tully: Our primary concern is that the company is going to be viable. When we make loans to or investments in companies our primary concern is that the management and the market and the financing are going to be there, to ensure that not only ourselves but the entrepreneur or businessman who's investing his own money is going to make a success of it and create the jobs it is intended to create, with obvious benefits for Ontario.

Mr. Hall: How come you were so far off on that one?

Mr. Tully: That's a good question. Obviously with some of these sizeable investments the risks you take are more substantial. In this particular case, I guess in the final analysis when we get the report from the receiver, it will show that the reassessment of the value of the inventory was the major problem. It's something which we were not aware of at the time; a number of other lenders, I might say, people who became involved subsequent to our own participation, were equally not aware of that situation at the time their loans were made.

It's a substantial company, of a substantial size; our loan was a substantial one.

Mr. Di Santo: How much of the market does Carrier cover, in terms of production?

Mr. Tully: I'm sorry, I don't know.

Mr. Di Santo: You don't know. It's substantial, isn't it?

Mr. Tully: I would say that it's substantial. It is a very competitive business; there are a number of shoe companies in the business.

Mr. Di Santo: I think it's rather strange. You have a company which is quite important in the industry; you had foreseen in the review of the shoe industry that because of the quota they had excellent prospects; yet three months after your review one of the major companies collapsed, notwithstanding your financial support. Isn't there something wrong?

[12:00]

Mr. Tully: I think something is wrong; but I would stress that our assessment of the risk involved proves that the development corporations are often taking a high risk position with respect to assisting manufacturers. In this case our assessment of their prospects and their ability to compete was wrong.

Mr. Di Santo: Was this company importing parts? Are you aware if they were importing parts from other countries; like Taiwan for instance?

Mr. Tully: I am not aware that they were. I would be surprised if they were. The shoe industry is—

Mr. Di Santo: You would be surprised?

Mr. Tully: I would be surprised if they were importing a large number of parts; they may be.

Mr. Di Santo: You said that you made an initial mistake in assessing the reliability of the company. On what basis are you now basing your hopes that the company can survive? I think that is very important.

Mr. Tully: I think the assessment of the market remains firm, the assessment of good potential in the shoe industry and the success of a number of other shoe manufacturers remains firm. We've had discussions with a number of parties who have been involved in the shoe industry and who have been successful. Management capability appears to be there, financial background appears to be there; I think at this point we are quite hopeful we can bring into the situation management teams that will be able to make something of what up until the very recent period was a very successful shoe operation.

Mr. Di Santo: Could I ask a last question of the minister? The minister said he thought his officials to be lenient with this company.

I ask the minister up to what point we have to be lenient; to what extent and with what purpose and with what goals in mind?

Hon. Mr. Grossman: At this stage in the game?

Mr. Di Santo: Yes.

Hon. Mr. Grossman: There is a judgement call made in each case. You try and assess whether there is any point in continuing to be lenient because there is a prospect of future employment somewhere else coming in or whatever. You just can't predict it with complete accuracy, it's a judgement call based upon the ability of the people we have in place in the system.

I think, also, that I would see some objection to your suggestion there is an initial mistake. Mr. Tully deals with the mistake on a different basis from what you do, in that when you look back on it, obviously if you had it to do over again, knowing some things you know today and how it worked out, you wouldn't have made the loan. But the very essence of ODC, as I was saying last night to Mr. B. Newman and others, is that every loan you make, without exception, has a degree of risk involved. That's the case for bank loans, and it's certainly the case for ODC loans. Those who are now suggesting that ODC goofed or made a monumental mistake would be on a little better grounds, I suggest, if they were saying at the time that it was a mistake to give the money then. I must say to you that no one was then saying that it was a mistake to give the money to Carrier.

Mr. Chairman, just before we conclude, I have the figures on selective placement services which were promised to Mr. Hall. The figure is 788 cases. That is the number of companies which applied for selective placement service from April 1 to date. Of those applications 37 companies have been serviced. Those 37 companies have been approved and we have located and brought in 2,335 employees for those 37 companies.

Mr. Hall: That seems rather a low relationship; 37 out of 788. You could put more staff there.

Hon. Mr. Grossman: Yes, but some of those firms ultimately find employees in Canada, because of course we have to go through all the clearances before we say yes or—

Mr. Hall: If there were time I would have discussed that Ontario manpower survey which came out in October, I believe, and which—

Hon. Mr. Grossman: The Ministry of Labour estimates are coming up; that's already been discussed.

Mr. Hall: It certainly underlines an area of need in machine tool and die workers.

Hon. Mr. Grossman: That's quite true.

Vote 2306 agreed to.

On vote 2305, Ontario Place Corporation program:

Mr. Eakins: I have one question with regard to this matter. If the discussion is going to end at this time, I'm quite prepared, if I might, to discuss it in relation to the tourism vote.

Mr. Chairman: It's okay with me.

Mr. Eakins: There are only one or two questions and they will take only a minute or two, but I'm quite prepared to leave it over—

Mr. Chairman: If you only have a minute or two we can continue and finish it right now.

Mr. Eakins: Okay. The only question I want to ask is in regard to the subsidy which is being provided to Ontario Place. Does the minister not think this might be the opportune time for Ontario Place to operate in the black?

If I might expand on that, I know many people who think Ontario Place has really come ahead and is really on pretty solid ground. Many people who attend have indicated to me it's a pretty reasonable place to visit. I am just wondering if this might be the opportune time to have Ontario Place operate in the black?

Further, with regard to the upcoming convention centre, if there is an area that needs funding perhaps this might be a sawoff with which we could justify further assistance by directing it to a convention centre. What are your comments?

Hon. Mr. Grossman: I want to introduce Bruce Longhurst. This is the first opportunity we have had to do so. He is our new general manager of Ontario Place. You will be able to identify him when all of you are down there so often, as I know you are.

To respond quickly: we could break even at Ontario Place and put it into a profit position on an operating basis if we just raised admissions by 50 cents. This is one of the things the board is considering. They are also considering leaving the general rate for admission as it is and charging something for one or two of the events inside.

One of the things I pointed out to them is they must be very sensitive, as indeed the

government is in adjusting those rates, to the point at which you move it, in terms of the perception of the public, out of the category of being a kind of very inexpensive, really public, park. I call it really a public park, because compared to the other things that people pay to get into it is very inexpensive. So at what stage do you take a little bit away from that open and accessible park concept in order to break even?

Mr. Eakins: It's probably because of your layout, but you have some very excellent groups there, groups many people swarm to see because they enjoy that music. It's also at a bargain price, and they realize that. Many people have indicated to me they would be willing to pay much more. They feel it's pretty cheap to be able to go there. You must pay a fairly good return to those groups to perform at Ontario Place.

Though I know it would be difficult to separate the general admission and still encourage families to come, I'm just saying I am thinking also of the great bargain which many people are receiving. If they went to Maple Leaf Gardens to see the same groups they would pay triple the amount.

Hon. Mr. Grossman: That's true, but one thing we should be aware of is that some of those major groups come to Ontario Place at a substantially reduced fee compared to what they would go to the Gardens for because they like the open, warm atmosphere. So we get them at less expense and the public, therefore, gets them at less expense. I'm one who believes that there are a fair number of people who go to the Forum at Ontario Place who otherwise wouldn't be able to afford to or wouldn't go to Maple Leaf Gardens for \$10 to see that same group at another time of the year. I think that's a pretty nice thing.

Mr. Eakins: My only objection to that, Mr. Minister, is that while it's fine for Metro Toronto, obviously it's not very good for people in Killaloe or Thunder Bay or any of these other places who are paying for that deficit in some manner or other through their taxes.

Hon. Mr. Grossman: You are quite right. That is one of the reasons we hope to do some similar things at Minaki Lodge and—

Mr. Hall: Before March 31.

Hon. Mr. Grossman: That's right. But you're quite right and the Ontario Place board is now working on some budget proposals that will allow us to break even.

Mr. Eakins: I would only say that my preference as far as the deficit would be

concerned would be to see it applied to the convention centre, which I think has great possibilities to benefit all Ontario.

One quick last question with regard to Ontario Place: do you feel that Ontario Place will be affected by the new Maple project, or do you think one will complement the other?

Hon. Mr. Grossman: I think they will complement each other. They have totally different price ranges. Families going to Maple, if they have one or two kids, will end up leaving \$40 a day there. They are getting first-class amusements, it will be incredibly built up and developed with displays and so forth.

We feel, having looked at the market quite a bit, having looked at some of the stuff that Maple has, that they will be totally comple-

mentary. In fact Maple, we are absolutely sure, will bring many more visitors to Ontario from the United States, and a fair number of those will go to Ontario Place on the second day of their visit here. We don't sense competition at all; we think they will really work well together.

Mr. Hall: Do you think it will be good for Santa's Village?

Hon. Mr. Grossman: Before we conclude, Mr. Chairman, may I thank those members who have been with us for the industry part of the discussion? I have quite enjoyed them, as always, and I thought we did cover a fair number of useful points.

Vote 2305 agreed to.

The committee adjourned at 12:12 p.m.

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No. R-35

Legislature of Ontario Debates

Official Report (Hansard)

Resources Development Committee

Estimates, Ministry of Industry and Tourism



Third Session, 31st Parliament

Thursday, November 29, 1979

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

THURSDAY, NOVEMBER 29, 1979

The committee met at 8:08 p.m. in committee room 1.

ESTIMATES, MINISTRY OF INDUSTRY AND TOURISM (concluded)

Mr. Chairman: The meeting will come to order; all parties are represented, Mr. Eakins is first on the list, followed by Mr. Lane.

Ms. Bryden: Mr. Chairman, have we any plans to sit on Monday night, since this will be our last meeting before then?

Mr. Chairman: It depends on how we get along tonight. We have two hours and 50 minutes. It depends on whether we have to leave for a vote, or if we do not come back here and spend a half an hour.

Ms. Bryden: But you are not planning to spend Monday night on the spills bill?

Mr. Chairman: That was our intention, but I am just giving you what the clerk has told me. We have two hours and 50 minutes left on these estimates. We can finish tonight if the committee agrees to go beyond 10:30 p.m. Fine.

Ms. Bryden: Mr. Chairman, as far as sitting on the spills bill is concerned, we should have some warning, because there are different members involved and I have a speaking engagement on Monday night. I wasn't planning to be here on Monday night, but I hear the House leaders would like us to sit on Monday night. This committee has to decide whether it is going to sit on Monday night.

I can't understand why it is brought up so late. We can't make any plans or other arrangements. I may have to find an alternative speaker or get a service club to put off an entire meeting. You should put before this committee, at least a week ahead, our plans for the following week. We should have a discussion right now as to whether we are going to meet on the spills bill on Monday night.

Mr. Chairman: The intention we had was we would leave Monday night open for the spills bill.

Ms. Bryden: This was never discussed in his committee.

Mr. Chairman: That's quite true.

Ms. Bryden: How you can say it is the intention? This committee decides whether it will sit.

Mr. Chairman: That's right.

Ms. Bryden: Then it asks the House for permission.

Mr. Chairman: Can you speak for your party?

Ms. Bryden: Not really. It causes me great difficulty to meet on Monday night, but we must get ahead with this bill because it is important. I believe my caucus members would be prepared to sit. If I am going to be a little late, I would hope we might deal with some of the noncontroversial amendments, or defer one or two of the controversial ones until later in the evening, if that would be agreeable.

Mr. Chairman: John, what about your people?

Mr. Eakins: As far as I am concerned, I have a commitment Monday evening but I would be available any other time. Monday night is taken.

Ms. Bryden: Substitution is allowed.

Mr. Eakins: I couldn't answer that.

Mr. Chairman: We are not going to substitute for a person like Mr. Gaunt if he can't be here.

Ms. Bryden: I did speak to Mr. Gaunt and he has some problems too, especially with the short notice. He also feels that the bill is important enough that we should sit on Monday night. He would be willing to come. I may be able to come late, but perhaps I could have some of the other members handle it.

Mr. Chairman: You said you were speaking to Mr. Gaunt?

Ms. Bryden: Yes, I was; this afternoon.

Mr. Chairman: He was satisfied to go ahead Monday night?

Mr. Van Horne: I would question that, Mr. Chairman. In view of the numbers here, I would say—

Mr. Chairman: This is exactly why I did not ask the question now. I was going to

wait until a little later, when more members would be here.

Ms. Bryden: Mr. Gaunt won't be here later.

Mr. Van Horne: I'll slip out and see if I can get an answer for you.

Mr. Chairman: Fine; I'll ask it later on.

On vote 2304, tourism development program:

Mr. Eakins: Mr. Chairman, I am delighted to have an opportunity to ask some questions on the tourism part of the ministry. Some of my questions may ramble from one area to another, but they are all very important. I am delighted to see the assistant deputy minister and the minister back from the Sault. Did you extend to the convention the good wishes of the Liberal critic, who is very interested in Ontario's tourism affairs?

Hon. Mr. Grossman: No. The Liberal Party was not mentioned or discussed. They didn't seem to have any visibility there at all.

Mr. Eakins: We were invited last year, and we feel that the Northern Ontario Tourist Outfitters Association is doing a great job. We feel we have many friends in the NOTOA conference, and I am sure they are going to come away from that conference with a lot of good ideas to support tourism in Ontario.

Mr. Minister, to start off, can you tell us about the state of tourism in Ontario? You have talked about the deficit decreasing. Could you bring us up to date? Is this decrease because of the cost of gasoline? Do you think we are going to reduce the deficit because of this sort of thing or because of the work you and your ministry have been doing? Can you relate this decrease to some of the programs you have been bringing about?

Hon. Mr. Grossman: We expect the deficit this year will be reduced from about \$600 million to about \$480 million. We attribute this to several factors. First, the value of the Canadian dollar has obviously made vacations in Ontario more attractive than foreign vacations. For foreign visitation out of Ontario, I believe the figure has decreased by about seven per cent, while it appears American tourism will hold at least the same position as last year.

[8:15]

As well, our European business continues to increase very dramatically. It looks like this year we will end up with an increase of about 27 per cent over last year. As I recall, the figures from Europe last year were up about 25 per cent over the previous year. As

I say, this is partly on account of our devalued dollar, although we are continually of the opinion, with regard to the Americans, that they still don't have a clear perception of what this 85-cent dollar is to them, because we deal in the same currency, being called the dollar. We just don't think the Americans really have a full sense yet of the fact you do save 15 cents, as it were, on the American dollar here in Canada.

The fuel situation helped us on balance. More Canadians did stay at home, partly because of the dangers of travelling to some American jurisdictions where they weren't terribly sure of the availability of gasoline.

It is interesting to note, when we talk of the impact of our ministry programs, that the American jurisdictions, to our knowledge, did not open up a gasoline hot line as we did here in Ontario. In other words, those Ontarians considering travelling to the United States did not have access to full and complete gasoline availability information, as did Americans who wanted to travel to Ontario.

Mr. Eakins: Do you think we opened our up soon enough? I think it was August 1 or into August. I don't think it was before August 1.

Hon. Mr. Grossman: I am pretty sure was in July.

Mr. Eakins: It must have been late in July. I was following some of your advertisements and it seems to me it was very close to August 1, which to me is fairly late to get the message across to the people in the United States.

Hon. Mr. Grossman: I think it was earlier than that. In essence, as you know, we originally had a campaign advertising the availability of gasoline. We put that together very quickly and distributed it to the American radio stations. That was in place by about the third or fourth week of June, as I recall. It was still the early days of the new government in Ottawa when we were carrying on this dialogue with regard to whether or not it was advisable to advertise the availability of gasoline.

Mr. Eakins: There was a federal feeling that perhaps we shouldn't. I can appreciate your feeling that we should or shouldn't. Apparently, British Columbia went ahead regardless of Ottawa, and did advertise the situation there.

Hon. Mr. Grossman: I don't know if that is accurate or not.

Mr. Eakins: It's pretty close.

Hon. Mr. Grossman: It can't be pretty close to accurate; either they advertised

or they didn't. All I can tell you, and I think you will agree, is if Ontario had decided to advertise with regard to the availability of gasoline, that would have had a very significant impact on gasoline consumption. Compared to the impact of British Columbia's campaign, it would have been monumental. British Columbia doesn't do anywhere near the kind of American travelling business that Ontario does; so ours would have had a much greater impact.

In fairness to the federal government, I believe you will agree we did the right thing in not going ahead with that. We would have left ourselves, on behalf of the tourist industry here, in a quite vulnerable position. If we had ignored the federal representations to us and advertised, and if a gasoline shortage had developed, as it might this winter, then fairly or unfairly, as the minister who speaks for tourism in this province, if I were to go to Ottawa in February or March of next year asking for certain concessions for tourism in Ontario in the face of gas rationing, which could then be on, I wouldn't be in a very good position to obtain very many concessions for the Ontario tourist industry.

Mr. Eakins: How do you see the season coming up, say, next summer? I suppose it is hard to see ahead, but will you be planning to let American visitors know well in advance what the situation is, if the situation is favourable?

Hon. Mr. Grossman: Yes. We are and will be monitoring, literally on a week-to-week basis, the situation with regard to the availability of gasoline. Barring major upsets in the world market and so on, my guess is we will have no problems. The Northern Ontario Tourist Outfitters Association was quite concerned, and I told its convention that I felt fairly secure in saying we would have no problems. We have not been told there is a likelihood of any problems. The last time we checked, it was indicated that unless there was an exceptionally cold winter, the kind we get literally once in a century, we would have no problems this winter. We are monitoring it.

In the meantime, John Maxwell and I are working on some details of a plan we might implement in the event there were a problem, be it short-term or long-term. The kind of plan we are working on is one that would bring a lot of Americans into international airports and move them from those airports by bus and train to central locations from which they might reach their ultimate destination—northern Ontario, Muskoka, eastern Ontario.

Mr. Eakins: Or Haliburton.

Hon. Mr. Grossman: In any case, we are working on the mechanics of doing that and the kinds of things we would have to do to find out where they were going, the quickest route to get there and to make sure we have the facilities available to move them.

I must say, if we had to go to that sort of scheme, we wouldn't be able to keep all our business. Some of it would be lost. Let's not fool ourselves. On the other hand, I am pretty confident that, as was the case this year in a much milder situation, we would be more than compensated for that by Canadians—Ontarians—staying home.

To give a more complete answer to your initial question—to what extent did we contribute to the improvement this year—one never knows. I think the gasoline hotline contributed. We are beginning to reap some of the efforts of the staff in our overseas offices in terms of putting together package tours from Europe.

Mr. Eakins: Do you see this increasing in the next year? I hope it will, and personally I feel it will.

Hon. Mr. Grossman: It will. There are no signs of the market slowing down. On each of my visits to Europe I have spent time with the travel trade—which I believe was something new for the ministry—in that we built a tourism segment into each trade mission. I spent time with the travel trade—the wholesalers, some of the retailers and always the Canadian airlines people—to try to get a better handle on the situation, to get a better understanding of what people there were looking for. I know we now are seeing many more packages coming from places such as Holland, the United Kingdom and so on. As our dollar stays where it is and with the European currencies enormously stronger than ours, I believe the existence of more and more of these package tours will ensure the continued growth of our tourism from there. Interestingly, although Germany accounts for one per cent of our tourism, it accounts for seven per cent of the tourist dollars spent here. It is a very lucrative market for us, and we will be concentrating on those kinds of markets.

Everything I have said can be applied equally to Japan, where I have also spent a great deal of time, not only with the trade but the major travel journals there. I think I sent you a copy of one of them.

Mr. Eakins: Germany and Japan represent tremendous possibilities. We are just beginning to see the Germans and Japanese really

move out, and there is great potential for them in this country.

Hon. Mr. Grossman: I might add one thing that has been neglected: the potential for attracting tourists from sister provinces. We are expanding our campaigns in those areas very substantially.

You raised a question the other night with regard to the work we were doing in Quebec. Before we get too far down the road this evening, I might ask John Maxwell to take a moment to tell you a bit more of what we are doing in Quebec, because we are doing a great deal.

Mr. Maxwell: We have a number of co-operative activities with Quebec. The first one of these is a joint consumer promotion in Holland in co-operation with the Canadian Government Office of Tourism, KLM and CP Air; that will run during February and March of 1980. Again in February and March, in combination with Quebec, we will be making 16 major sales seminars to the travel trade on the west coast of the United States.

Mr. Eakins: That is a co-operative type of advertising?

Mr. Maxwell: Yes.

Mr. Eakins: Is this part of the agreement signed some months ago, or last year, in regard to Ontario and Quebec?

Mr. Maxwell: In February, yes. This is all part of the agreement. Another one is a co-operative promotion with major travel wholesalers in Japan—again, these long-haul markets—for the development of two-part programs for eastern Canada for May 1980.

We also have a combined audio-visual production featuring both provinces for use in overseas markets, in appropriate versions in the languages of the markets. We have a combined multilingual tourist brochure for use in these foreign markets, combined consumer advertising campaigns on the US west coast to sell both provinces; and joint travel trade advertising in Europe, Holland, the United Kingdom, France and Germany. In addition, an interprovincial consumer promotion is under discussion right now with the marketing division of the Quebec tourism ministry.

Mr. Eakins: I want to talk about the exemption for retail sales tax. Do you think we are doing enough to make this attractive to the people outside our jurisdiction and to make them and the people in the retail business in Ontario aware of this? I first asked the minister this question in October a year ago. As a result, the Ministry of Revenue people put out a brochure on it,

and I think this is good. But I have talked to a lot of retail people who really are not aware of it or who are just starting to be aware of it. Will you be stepping up the campaign to make people aware of the fact that, if they purchase goods in Ontario and take them outside the province within 30 days, they can get the retail sales tax exempted? Do you think you are doing enough in this field?

It seems to me in a lot of areas the retail people are not aware of what this program is. This can be one of the great incentives for people shopping here, especially since the United States has increased the exemption to \$300 from \$100. It is just one thing we can do: advertise how their dollar can stretch further, with the difference in the value of the dollar, because of the fact they have this retail sales tax exemption.

Hon. Mr. Grossman: I have a couple of comments. John will tell you a little bit about the degree to which it was taken up. It was pretty overwhelming.

I know you wanted it on the record, and you have it, but you are kidding yourself if you think it all resulted from your questioning. But we appreciate your interest.

Mr. Eakins: I have to go back to Hansard. You were not aware of it, Mr. Minister. If you check Hansard, you will find out you were not aware of what I was mentioning. I am not too worried about that. What I am interested in is the fact that there is a great opportunity to sell people on purchasing in Ontario. That is going to help tourism generally.

Hon. Mr. Grossman: I am really not arguing with the success of the program.

Mr. Eakins: I would just like to see it more successful.

Hon. Mr. Grossman: I have to point out to you that any analysis of what my tourism division was doing long before I arrived here last October, and what the Ministry of Revenue was doing, will indicate those plans were well in the works by that time.

Mr. Eakins: I don't care who gets the credit. It is good to see the brochure.

Hon. Mr. Grossman: In any case, the point about the brochure is, of course, that it saves American tourists the retail sales tax when they purchase goods here. We have to do a better job of emphasizing instead the 15 per cent advantage they get on every dollar they spend here, whether it is for goods they purchase here, a meal, or some things that don't have retail sales tax added, such as accommodation.

That particular advantage is worth a lot more to an American tourist than advertising because, as you will recall, when the tourist goes home, in most jurisdictions, he must pay the equivalent tax back in his own jurisdiction if he is law-abiding. If he comes from a jurisdiction that has no tax, he is okay. If he is from a jurisdiction that has retail sales tax, he gets the money back from us, but he has to go through a certain procedure back at home. In fairness, possible backlash is one thing that has always caused me a little concern.

Mr. Eakins: He can either get it here, or he can apply within a period of a year or two years, is it?

Hon. Mr. Grossman: When he goes back home—if he is going to take advantage of this program, as we encourage him to do to get his money back—the tax laws in those jurisdictions often require that if the good has not had retail sales tax paid for it in another jurisdiction that does levy retail sales tax, he must pay retail sales tax in his home jurisdiction. The retail sales tax in New York State is eight per cent; he could apply for seven per cent back from us. But under the New York law, which I suspect is—

Mr. Eakins: Are all jurisdictions like that?

Hon. Mr. Grossman: Not all, but very many of them.

Mr. Eakins: And even if they take it out of the province?

Hon. Mr. Grossman: I think so. In any case, there is the possibility for backlash. We may see other jurisdictions advertising into our market that their rental sales tax is equally refundable.

John, what were the figures on the numbers we were processing this year in revenue?

Mr. Maxwell: A million folders were distributed by ourselves and the Ministry of Revenue. I don't have the exact number, but I know they were complaining bitterly about the volume of returns.

Mr. Samis: Is Mr. Eakins planning to come back to the question of joint venture with Quebec, or is he going to pursue the retail sales tax?

Mr. Eakins: I have a number of things I want to go through here, and then I will go back to that. I just wanted to touch on that because I think it is very important.

I also want to talk about the new program to assist people in the industry with financial help. Could you give me the background on who is eligible under this new program? I have had calls from some people who have contacted some of your people, and they said

they were not eligible. Can you tell me who is eligible and, perhaps, who is not eligible?

Hon. Mr. Grossman: I will have Blair Tully, who is administering the program for us, take you right through that so that there is no misunderstanding.

Mr. Eakins asked earlier about the future. In point of form, I think the next few years are going to be pretty good and we should dent the tourism deficit even more with the new marketing plan and with the advertising campaign, which is entirely new this year. We will have many more package tours. I told NOTOA we were going back into the sports shows this coming year; John Maxwell and I will be attending a couple of them.

Mr. Eakins: I am always impressed to see at the CNE that the American states, like Florida and Georgia, advertise very heavily. I have attended, have walked into the tents, and been very impressed. I thought, "This is great." Are we doing the same thing in other jurisdictions?

Hon. Mr. Grossman: We are going to begin to be this coming year. We have been invited by the Cleveland sports show to put on the major display as one of the attractions. We are talking to the folks who know a little about the kind of display we might put on—not in terms of a booth but in their main theatre—as a drawing card.

In conjunction with the sportsmen's shows, we will also be putting a full-page ad in the newspaper in the city where the sports show is occurring. It will be paid for by the province, and it will say, "Come on down and see the show." We will sell space in that ad to any of the tourist outfitters at that show who wish to hook into the ad.

One other thing we will be doing is to refocus our advertising on northern Ontario to highlight some of the specific attractions offered there.

One thing that will help domestically is that we have arranged for a northern Ontario booth as part of Caravan in Toronto this coming year, likely at Ontario Place, which will give all the tourist outfitters from northern and northwestern Ontario an opportunity to get to a lot of southern Ontario people going to Caravan.

Mr. Eakins: I would like to touch on that in another area. Perhaps Mr. Tully has a general outline. Some people have spoken to me about not being able to take advantage of the program. Perhaps he could give us a quick rundown on who is eligible and who is not, such as campgrounds.

Mr. Tully: We are in the process of putting together a brochure, which now is at the

printers. It will be made available to all tourist associations and operators. We hope to have that out next week. That will help clarify the situation.

The brochure will specify the kinds of eligible operations such as resort hotels and motels; housekeeping cottages and that sort of thing; tourist lodges; and attractions of benefit to tourism. These are the kinds of operations we are looking at. Campgrounds are not eligible; nor are mobile home and trailer parks.

Mr. Eakins: Is there not a difference between northern and southern Ontario in regard to campgrounds?

Mr. Tully: Not in conjunction with the Tourist Redevelopment Incentive Program (TRIP). There are some differences with respect to our own tourism term loan program in the development corporations where we are prepared to look at expansion of campgrounds in the north.

Mr. Eakins: I was referring to the minister's statement. The minister might be interested to know we do follow his speeches very closely.

Hon. Mr. Grossman: I was wondering how you were learning so much about tourism.

Mr. Eakins: We learn what you are not doing by your speeches.

I noticed you spoke in North Bay. You mentioned there is a difference between North Bay and southern Ontario. You do allow new campground facilities under TRIP in northern Ontario but not in southern Ontario.

Mr. Tully: Not under TRIP; under the Ontario Development Corporations' tourism term loan program. We are prepared to extend financing through the development corporations for campground expansion or for new campground facilities in northern Ontario. We are only prepared to look at upgrading existing facilities in southern and eastern Ontario. The basic reason for that is there are already sufficient facilities in the south, and assistance to operators to expand and create more facilities is only going to cause problems for existing situations. It is not that we are not interested in expansion there; we just don't think it is needed.

Mr. Eakins: Basically, who is not included in TRIP?

Mr. Tully: It is easier for us to look at who is included. Other kinds of tourist operations that wouldn't be included would be things like marinas, which might qualify under our own loan program; trailer parks—

Mr. Eakins: How would you eliminate marinas, for example, if you are in a location where the tourist industry is fairly concentrated but there is no marina? If they are providing a facility for the tourist people, why in some instances would they not be able to take advantage of it? I am thinking of areas where it is perhaps badly needed.

Hon. Mr. Grossman: That's a policy decision made by the small business development branch when we decided to make some funds available to TRIP. Essentially, it was decided we had to concentrate our resources on those facilities which would really expand our tourist season. It is keyed towards assisting primarily those operations to expand their seasons and the types of clientele they attract. For example, this might involve adding on a meeting room at a small convention facility, installing an indoor swimming pool and sauna, indoor tennis courts, et cetera—the things that will get people to come in the colder seasons.

Expanding marina facilities is something that would help, but not in terms of expanding the season. It would more likely make an operation more accessible for more people in the high season, but that is not our fundamental problem.

As we see how the drift of the applications goes, we will assess the program to see if we have to expand it. But, really, the kinds of things we want to trigger now are people coming for major expansion of resort hotels and motels.

Mr. Eakins: Mr. Tully, when you spoke at the Tourism in the '80s program—which I thought was excellent; it was a good information session—I appreciated your remarks. You made a comment, I believe, that 40 per cent of the people in arrears are mainly in the tourism industry. If this is correct, what is the reason? Is it the seasonal nature of the industry, or would you suggest it might be bad management, or a combination?

Mr. Tully: It is a combination. The seasonal nature of the industry makes for very different kinds of cash management problems than are typical of other industries. There are many new operators getting into the business. In the development corporations one of our interests is in giving new operators the opportunity to undertake that kind of activity. You get new operators who don't have the management skills that are immediately adaptable to that kind of industry.

Mr. Eakins: The seasonal nature of tourism might be taken into consideration in future thinking. Mr. Maxwell might want to

take a look at whether we should be giving some type of credit to those who cannot operate the year round. Perhaps there should be something in our tax system to help people who pay 12 months' taxes but can only operate three months of the year. I do not expect an immediate answer here, but it is something we might take a look at on behalf of the tourist people. This is one of the problems for those who operate in a short season.

I would like to think we are going to have a longer season in Ontario, that we can develop more four-season activities. I think it will come about eventually. But I think we are oriented in some areas to a season of three or four months. This might be an area we could take a look at in the future. In the meantime, perhaps we might examine the tax system where, as I mentioned, people now have to pay 12 months' taxes on a three-month operation. I throw that out for consideration.

One other area I would like to talk about, unless Mr. Tully has some further ideas in regard to the Tourist Redevelopment Incentive Program he would like to mention? [8:45]

Mr. Tully: The only other thing I might have added is, in terms of the purpose of the loans, the kinds of activities that would be eligible for assistance under the program. As you know, we are looking at renovations, expansions and upgrading as the primary purpose of that program—the establishment of new accommodation facilities in that group of eligible operations I was talking about.

In addition, going further than our traditional term loan program, we are prepared to guarantee assistance for the refinancing of an existing debt, where that is tied to an expansion.

Mr. Eakins: You are involved in that.

Mr. Tully: We will be with TRIP.

Mr. Eakins: That will be a big help.

Mr. Tully: We are prepared to provide assistance in buy-out situations, where new operators—Canadian operators—want to purchase an existing asset.

A final area we will be looking at with TRIP is the area of marketing promotion assistance; where an operator came to us with a program for promoting his own operation, we would be prepared to extend financial assistance under TRIP for that kind of activity as well.

Mr. Eakins: Is there a minimum requirement for assistance to tourist operators?

Mr. Tully: No. There would certainly be no minimum.

Mr. Eakins: I received a letter from a tourist operator who told me he had contacted one of your field people. In his letter he said, "I was told I wasn't big enough to qualify." I believe I heard the minister say, although perhaps it wasn't in connection with this program, "anywhere from \$1 up." I would hope even the small operators might be considered for assistance.

Mr. Tully: That is the case; small operators will be eligible under this program. No doubt there will be certain situations where our own term loan programs, for example, might be more suited to the needs of some smaller operators. It may be that the interest rates an operator will be able to secure under the guarantee and incentive program will be floating. For many small operators, floating rates are not as desirable as a fixed-term rate, where they know what their pattern of payments will be.

In addition, with small operators that have a problem with the seasonality of their operation, it may be that our own programs with their flexible and adaptable payment schedules would be more suited to their needs.

I don't know the situation you are talking about; but it may have been the suggestion was that, rather than going the TRIP route, the operator might consider going the term loan route under our regular programs.

Mr. Eakins: I wonder, Mr. Minister, if I could turn now to the convention centre. Are you happy with the arrangements with the federal government?

Hon. Mr. Grossman: No, I am not happy with them.

Mr. Eakins: I notice the Prime Minister mentioned his tourism strategy was to build convention centres across Canada. I hope there will be more in his strategy than that. I can assure you that our party firmly supports a convention centre here in Toronto, and I would very much like to see it get under way. When do you expect it might get under way? Where does it stand at present?

Hon. Mr. Grossman: The convention centre situation was one we had to push quite hard with the federal government. It is accurate to say our incessant pushing with them over the last three or four months caused them finally to develop a set of criteria to support convention centres.

As I understand their criteria, basically they relate to those centres which will bring in international dollars instead of shifting dollars around within Canada. That's how they have decided to prioritize the applications they have.

With regard to ours, while I am not happy with their contribution simply because I would have liked more cash, none the less we are a great deal farther down the road than we were six or eight months ago. At that time, the federal government was telling me, through their then minister responsible, Mr. Danson, that I would be lucky to get the land. He said he would be lucky to be able to get the land from his colleagues for Toronto, and that there was absolutely no chance he could obtain anything more than the land.

I told him at that time that a land contribution in itself simply was not sufficient and would be unacceptable and that, if that was all he had to give us, he shouldn't really bother his colleagues. He didn't. I waited until after the election and started the approach again. We succeeded in getting the land plus \$6 million.

In fairness to the federal government, they have chosen to call that a 25 per cent contribution. The land value at the base of the CN Tower is \$50 per square foot, or \$13 million.

Mr. Eakins: Do you see that being the eventual site?

Hon. Mr. Grossman: I don't know; but that is the only offer I have at the moment from the federal government.

Currently, in any reasonable assessment of the market value of property at the base of the CN Tower, looking at sales of adjacent land—one of which was recently to a bank—you will find that property in the area is going at an absolutely rock-bottom minimum of \$100 a square foot.

So, in fairness to the federal government, their land contribution is probably worth a great deal more than \$13 million. If that were built into the ultimate cost of the project, I suspect the real value of their contribution would come to substantially more than 25 per cent.

In any case, at this stage it stands that we have to find a way to pay off the rest of the capital remaining after the federal contribution. I have had conversations with Metro Chairman Godfrey, who has to take the matter to his council. I have had discussions with my colleagues, and the Premier gave a general outline of where we would be going in terms of the provincial policy on convention centres; he did so, I think, yesterday in Ottawa.

Those discussions are continuing. Paul and I have agreed we will try to get all the pieces together by the end of December or early January. We will then have one outstanding problem, which will be the operating cost. I

am at work on three or four different solutions on that account.

Mr. Eakins: What do you see as the approximate operating deficit?

Hon. Mr. Grossman: The Gladstone report indicated the operating deficit in the first year could be—but is not likely to be—as high as \$1 million, and over time it likely would settle down to a yearly deficit of \$250,000.

John Maxwell has come up with some suggestions for me which indicate some opportunities whereby perhaps we could put in one or two things that might generate some revenue and might make it break even.

Things are progressing, and I am quite pleased with the momentum that has developed. What it did need was for us to try to stop the bickering between levels of government and to get the ball rolling. I hope we can get the other pieces in place by January and have some plans started on this coming year. Maybe we will even get a shovel in the ground before the end of 1980.

I guess what is most important is that I have some concern over the federal contribution. I do think the land value is much higher than they have marked it. I guess at some stage governments have to decide they are going to try to get on with the task. Every year we delay costs us at least \$76 million in American revenue that we could be getting. When our tourist deficit is \$480 million this year, and we are talking about denting it by 15 per cent, I don't think it makes sense for governments at this stage to hold up a project for years and years while they dicker about who is going to pick up the remaining \$3 million or \$4 million.

Mr. Eakins: I am inclined to agree. The Minister of Housing (Mr. Bennett) seems to think Toronto is getting a better deal than Ottawa; but that is beside the point, I suppose.

Hon. Mr. Grossman: When the final deals are in place, all the municipalities will be treated equally.

Mr. Eakins: Do you see the American legislation changing to permit more conventions in Toronto, as an income tax deduction? Is that still pretty well at a stalemate? Is that a federal responsibility? It has always been one of the problems; I understand that something like 77 to 80 major international conventions cannot come to Toronto, because we just don't have the facilities. According to Bill Duron, that is one of the figures; it's somewhere near 77. It would be a major achievement if that could be eliminated.

Hon. Mr. Grossman: The convention centre study, which indicated the kind of figures we

are talking about—\$76 million American coming in—was done predicated upon no change in the American legislation. That is predicated upon the current restrictions staying in place. Obviously, if the restrictions come off, it will move that figure up. I don't think it will move it up enormously, but it will move it up: We are beginning to make some progress now.

We got down to work on it with Bill Duron and others in the last few months and ascertained that the major problem was the perception of the American broadcasters that somehow they did have a realistic hope of getting the border broadcasting legislation repealed in Canada.

Mr. Eakins: That's one of the stumbling blocks.

Hon. Mr. Grossman: Senator Javits, I think it was, brought a bill before the United States Senate this past summer which would delete Canada from the provisions of that restrictive legislation. It had every chance of succeeding until the border broadcasters suddenly ascertained that, with a new government in place, perhaps it was appropriate to take another run at the new government. They had failed with the old government. The new government had opposed the border broadcasting legislation when the new government was in opposition. They thought they ought to have one last crack at it; therefore, they went to work on that information, back in Washington, saying to the legislators: "Don't upset the applecart now, let us have one more run at the new government in Ottawa which hasn't got the pride of authorship with respect to border broadcasting legislation."

We have now learned that the key to this situation is to break their hopes of getting any action in Canada on the border broadcasting. The federal government, in response to our approaches to them, have now gone out and taken steps to indicate directly to the border broadcasters that there is going to be no change. If the linkage is unfair, you have seen some of the results in that Taft Broadcasting, one of the major people on the border, indicated about three weeks ago that they didn't think it was fair to link those two items. We have made some progress on it.

Mr. Eakins: There is one other thing I want to mention in regard to the convention centre. I see great possibilities if a convention centre is built. There should be a tremendous opportunity to sell the rest of Ontario through this centre, through the ministry or whoever it is. We will be able to use that centre to sell the rest of Ontario, once the people land. It is a great destination

for people, and from there I see all kinds of opportunities to sell the rest of Ontario through that centre. I hope, when this comes about, there will be lots of planning to take care of this.

[9:00]

Hon. Mr. Grossman: We told NOTOA we hoped they would assist us. We would make space available at some of these major meetings to allow them and others in the northern parts of the province to display their part of the province to the conventioners coming to the centre. We hope to use the centre as a launching pad to entice someone attending the American Medical Association convention, for example, to spend three or four days, after the convention, in Muskoka or perhaps even in Victoria-Haliburton.

Mr. Eakins: All Ontario can benefit.

There is one other area I want to touch on, and then I will pass the questioning to someone else. I think this is very important, particularly since Mr. Tully is here.

I met the other evening, as did some of our colleagues from eastern Ontario, with the CORTS committee, which, as you know, is the Canada-Ontario Rideau-Trent-Severn committee. They have a notice in their brochure, under tourism development, in which the committee called for the federal and provincial governments to clarify by 1980 their long-range plans with respect to tourism and recreational facilities development in the corridor. This action would establish a plan in which private investors could confidently engage.

The Rideau-Trent-Severn system is one of the great, unique attractions of Ontario and we haven't taken advantage of it fully. I want to ask your thoughts on this very important area. This is one area to which we might give some priority in funding under TRIP, or whatever programs might come about because, as was pointed out at the meeting, which was attended by all members representing this area from one end to the other, there is a tremendous lack of facilities in most areas to promote the system. People can use the system, but there is a great lack of facilities.

I hope some type of priority can be established for proper facilities in accordance with the guidelines. I put our proposals in front of you, and I hope you will give them serious consideration. We might take a look at where we have a concentration of tourist facilities and give the same consideration to helping them under an ODC program.

Perhaps we should develop a program similar to the industrial parks program. We

might provide funding for areas with a concentration of tourist facilities to provide services to tourist-oriented facilities, the same as we do to eastern and northern Ontario under the industrial parks program, which helps to establish industries.

I would like to think the tourist industry is just as important as other segments of industry, such as manufacturing, which we help out in the communities. We have one in Lindsay which is a great help, and there are many others. This is perhaps an innovation, but if there is a concentrated need for facilities, perhaps we should be looking at helping to fund some of these areas.

I would like to hear your comments on this, because it can highlight some of the tourist industry, especially where facilities are having problems complying with the environmental regulations.

Hon. Mr. Grossman: We are trying now to move out of a phase in which we are doing ad hoc planning towards some long-range planning. The CORTS study is an example of one of the things that will permit us to do long-range planning and co-ordination. With respect to some of the specifics you talked about, we are already on record in terms of ODC loans. There is a different rate, as you know, in eastern Ontario and northern Ontario for ODC tourist loans—

Mr. Eakins: We do make funding available to an industrial area. I think we should apply the same criteria to a tourism park. Perhaps there are some areas where there is a concentration of tourism facilities but they do not have funding to supply services.

Hon. Mr. Grossman: That may be one of the things we will end up considering. What we are trying to do now is to see what kind of specific attractions, what kind of parks, what kind of things there are out there to develop in accordance with what the market shows they are looking for. At the conclusion of this overall look at strategy, we will decide whether we should be focusing money into the sort of thing you are suggesting or perhaps a whole range of other things that have been suggested.

All I am proposing is that we are trying to get out of operating on an ad hoc basis. If there are any others that look like a good project, let's do it.

Mr. Eakins: It is a concentration that is going to mean something to a large area of tourism. I am not thinking of one isolated thing; I am thinking of a concentration.

There is one other area I want to mention, and then I will pass along to my other colleagues there, and that is the degree of co-op-

eration with other ministries. I am thinking, in particular, of the new facility at Maple, which I think is good. I support it and I think it can mean an awful lot to other areas of Ontario. But we have one problem. Once the facility gets under way in 1981, on May 13 or whatever it is—

Hon. Mr. Grossman: It depends on election day.

Mr. Eakins: It will open anyway. You never know; I might be opening it, Larry.

Hon. Mr. Grossman: Only if you have decided to invest \$100 million in this project.

Mr. Nixon: Have you read our radio ads?

Hon. Mr. Grossman: That's why we have a future.

Mr. Eakins: I would like to point this out, because it is very important. It points up the need for co-operation with other ministries. Many of our road patterns head north. When the Maple project gets under way, there is no way of getting to the east. I am not just thinking of Victoria and Haliburton; I am thinking of Peterborough and eastern Ontario. Once you pass highway 400 and highway 11, you are up against a blank wall. There is no way of getting further east.

I hope you have a lot of input, through Mr. Maxwell, with the Ministry of Transportation and Communications. When you have your interministerial meetings, I hope you get together and suggest these areas that are going to promote the tourist industry. It is important, when they are discussing road patterns, that you should speak very strongly for what is going to assist the tourist industry in these areas. It can mean a great deal in the road patterns coming from, say, Maple.

I think Maple is a good project, and it is going to help a very large area of Ontario. I simply hope you will present some very strong views to the MTC people in regard to the road patterns. I can tell you, once you hit highways 400 and 11, there is no way of getting elsewhere. Our chairman here knows the area; Mr. Turner in Peterborough, Mr. Rollins up in his area, and the member for Victoria-Haliburton, know. It is very important. I say this because I think you should have very strong input.

Hon. Mr. Grossman: I can assure you we have as much influence and input into the decisions of MTC as anyone does. I think you can see the evidence of that in terms of Maple, where at least interchanges and so on were accommodated.

Also, when you look at the major tourist attractions we have, they are fairly well serviced by our roads. We now have the

added advantage of having a former employee of the strategic planning branch working with us in our policy and priorities division. Jan is bringing a lot of assistance to us in terms of plugging into MTC strategic planning, and our highway signing committee is finally making progress.

Mr. Eakins: That is a terrible situation at this time. We have a lot of complaints, because people don't know where they are going. From the tourism aspect, I think highway signing is very important. We should keep the tourism industry in mind with the highway signing and in terms of assistance to the areas that are contributing very heavily to tourism. But I can tell you, there are some areas where you just don't know where the roads lead.

There are a number of areas I would like to talk about. However, I am willing to pass along to my colleagues in the hope that I can come back to some other programs. These include items such as the service centres on highway 401, which I think are just terrible in many respects, and the need for information centres that can be attractions to the travelling public to stop off. I want to talk about the We Treat You Royally campaign; it is good, but we need to expand on it and make sure it is ongoing and not just a two-year program.

Perhaps time will permit me to come back and discuss some of these areas, but at this time I am willing to pass to another member.

Mr. Lane: Mr. Chairman, first I would like to congratulate the minister on a couple of moves he has made.

Hon. Mr. Grossman: That is the best part; don't leave that out.

Mr. Lane: For the first time in history we have an assistant deputy minister of tourism. That is a big step in the right direction. Maybe Mr. Maxwell can prevail upon you to alternate each year with Industry and Tourism, and maybe next year we will talk about tourism first, because you seem to get more mileage out of the first couple of sittings. If Mr. Maxwell thinks that's a fair deal, maybe we will commence that next year. We'll start to talk about tourism first, and about industry the following year; that would make it fair all around.

Hon. Mr. Grossman: That would be a fine idea.

Mr. Lane: The other thing I would like to congratulate you on is the new program; RIP, I guess, is what you call it. TRIP means different things to me, but that apparently is what this new program spells it. While it is too early to know how well

it will work, it seems to me it is what we needed and it should be very useful to many people, especially the smaller operators. So, thank you; you are due for congratulations in those two areas.

In my riding, tourism is very important practically throughout the riding. In the Manitoulin section it is the most important dollar we have, next to farming. Not only in my riding, but also in all of northern Ontario, we have only scratched the surface as far as the potential in tourism goes. We have great opportunities for developing tourism.

Getting back to Manitoulin Island: During July and August, we don't need any more advertising; we get all the people we can handle with the facilities we have. What we sure as heck need, both in the shoulder seasons and in the off-season, is for you to put some help into action. Some of the people have been in the business so long they tend to think in terms of a three-month season. They don't seem to realize that in some cases there is an opportunity for all-round service to the travelling public, and to pick up that winter vacation dollar that is going out of the country.

You were talking earlier about package trips regarding foreign countries. The more package trips we can put together for Ontario, the more we can do for our tourist industry in the off-season and in the shoulder seasons of the year. If we can start to do that, the few people who can see the potential of winterizing their establishments and providing year-round service will be making the dollars, more people will get on the bandwagon and more opportunities will be opened up.

[9:15]

I hope your field people will work with the travel associations and individual operators and think in terms of more package trips into the north. As you know, NorOntair provides pretty good feeder-line air service up there. We can get to pretty well any part of the north we want within a few hours now, if the weather is reasonably co-operative. Expansion is possible in the off-season and shoulder seasons more than in the summer season. We are getting a lot of summer people; the island at present can't handle much more during July and August.

My colleague mentioned something that I think has some merit to it: a tax rebate or a tax credit for a tourist operator who doesn't live year-round at his establishment. We have a large number of people who pay taxes on their homes in whatever place they live in and who also pay taxes on their tourist operations.

It seems to me, that maybe something like the farm tax credit should apply to those people, because they are being doubly taxed, so to speak; they are paying the school tax twice and so forth. That could be an incentive there.

For people who live there year-round, where it is their home, then this wouldn't apply.

We have a large number of people who own tourist lodges someplace that they operate for three months but who live in town the other nine months. They pay taxes 12 months a year at both places, which is 24 months' taxes in one year, really. That could be a way of helping out some of the small operators who find they are working pretty close to the wire.

The Assistant Deputy Minister of Industry and Tourism and I were chatting recently about something that I talked about with your colleague the Minister of Natural Resources, in his estimates recently. Maybe, Mr. Minister, you could discuss with him and your cabinet colleagues the great advantage of the government's acquiring that 80,000 acres of land on Manitoulin Island that is now owned by the Ontario Paper Company. Dunc Allan and I have chatted about that; we are in accord on it, and both he and I see some great potential there. We have about 60 miles of lake-shore frontage there with some good opportunities for good commercial tourist developments. If the government owned that land, we could lease it to the private sector and wouldn't have to provide development money through governments; we could put the west end of Manitoulin Island back on the map as far as cash flow goes. It's been dormant ever since Ontario Paper left there 20 years ago.

I have been working for 14 years to get the government to take over that land. First, they were going to buy it; then, when money got scarce, we were going to trade it. Ontario Paper now are prepared to make the trade for crown land some place else. Your assistant deputy minister is as aware of the potential there as I am. We talked about this recently and, if we can make this happen we will help develop western Manitoulin in terms of cash flow and tourist dollars. Hopefully, the minister will lend a hand, make that 14 years come to an end and we will have something of which we can be proud on western Manitoulin.

I don't want to limit my remarks about the potential of tourism to Manitoulin Island, because the Mississagi Park north of Elliot Lake, is a very popular spot; the Massey north shore area is a very beautiful part of the riding, as is the Whitefish Falls and

McGregor Bay area between Manitoulin and Espanola. My riding is a tourists' paradise and with good planning and co-operation we can improve the economy a great deal by some of the things you are doing at present and by some of the things you will see fit to do in the future.

I don't want to make a speech, Mr. Minister. I know you are tired after your hard day yesterday and today; so I won't load you up with any tough ones tonight.

Hon. Mr. Grossman: Mr. Chairman, I would like to take a moment to respond by saying that Manitoulin Island more and more is becoming a key to our tourist package here in Ontario. As you know there were many days this past summer where the MS Chi-Cheemaun was more than full. We find it is getting better and better known to our international tourists as well as to our own in Ontario.

Mr. Maxwell and I will be going up to Manitoulin next month to a more in-depth study of some of the things we can do to help tourism in that part of the province. It is one of our big ones, and it is one we want to see promoted continually and developed in appropriate ways. I thank you for your contribution, and I can assure you we will continue to pay a lot of attention to that part of the province.

Mr. Lane: We will be glad to have you next month or any month you want to come, but it's in the summer months that you can see how beautiful it is and what the real potential is. We will be looking forward to your first trip there, next month. Thank you very much.

Mr. Samis: Now that Mr. Nixon is gone, I guess I can ask my questions with a little more enthusiasm and verve. I have two quick questions about Quebec and your joint ventures.

First of all, exactly what are you advertising or inviting people to come to, when you are going into the European or the Japanese market? Since you are doing it on a joint basis, what aspects of each province are you stressing? Where in the province are you suggesting people go? Are you offering packages?

Mr. Gibson: First of all, the basic intent is to go after the long-haul markets in the United States, Europe and Japan. That in itself pretty well dictates that there will be packages involved in as much as travel from those long-haul destinations invariably involves the carrier in a wholesale product.

The intent in the joint promotion is to promote Ontario and Quebec as a touring

destination, and our experience indicates that the visitor, from Europe or Japan, is more interested in that type of product, that is, both provinces going together in a program or a package.

Mr. Samis: Does it tend to boil down to the best-known tourist attractions, Niagara Falls, Toronto, Montreal, Quebec City?

Mr. Gibson: That varies by market. If you are dealing with the Japanese market, for example, then Niagara Falls is very much at the top of the list. The Japanese, in Ontario terms tend to travel from Niagara Falls through the St. Lawrence corridor to Ottawa, Montreal, Quebec—that type of thing.

If you are dealing with the German and Dutch markets, you tend to see them going farther afield, heading into central and northern Ontario. Their great interest is largely in the outdoor recreation and wilderness area.

Mr. Samis: Since the chairman and I both come from eastern Ontario, we are wondering when people go from Niagara Falls eastward, east of Toronto—which a lot of people don't in this province—first of all, what mode of transport do you try to get them to take? Second, do you do anything to try to expose them to small-town Ontario and some of the attractions outside the two major attractions in the eastern part of the province on their way to Montreal or Quebec City?

Mr. Gibson: I would say yes, but again it varies; it depends on the type of product. We have to face the reality that, when you are dealing with the long-haul market, you are dealing with Toronto and Montreal as your principal gateways, and you are relying on airlines to bring them in. Some tourists are buying these fly-motor coach tours, essentially chartering a motor coach here and using that on their tour; so those itineraries are to some degree dictated by the tour wholesaler. In our dealings with the wholesalers, the attempt is to move them into as many parts of the province as we can.

Mr. Samis: It seems to me eastern Ontario has a rare advantage in the sense that it's right on the main route to Montreal and Quebec if they are taking land transport, which would offer some possibilities for a market to which we are not normally accustomed. That's why I am wondering in your promotions if you make provision for any exposure to small-town Ontario and the heritage of the St. Lawrence Valley and the Great Lakes, for example.

The minister has referred to the fact that you are trying to attract more people from other provinces because of the dollar situation

et cetera. Where are you doing your advertising in Quebec, and at whom are you aiming your advertising? What sources of media are you using, and what type of market are you aiming at?

Mr. Gibson: We have made a beginning in Quebec. We have been advertising basically in Montreal, Quebec City and the Ottawa area. We have been using television and newspapers as the principal vehicles. Essentially we are aiming at a mass market and not being terribly selective.

Mr. Samis: Again, I ask the same question: What is it you are trying to get them to come to in Ontario? Is it a general promotion? Are you singling out certain attractions? Are you suggesting that Ontario is extremely accessible vis-à-vis the border to Toronto, and trying to lure them into that area primarily? Or what?

Mr. Gibson: The appeals we have stressed in Quebec have been skewed to our common heritage and to issues or destinations such as Sainte-Marie-among-the-Hurons at Midland. Beaches have always had a very strong appeal among the Quebecers; so that aspect of Ontario has been promoted quite extensively. Cities—Niagara Falls again—are things that appeal to the Quebecers.

Mr. Samis: Do you make any special promotion emphasizing the bicultural nature of eastern Ontario, for example, which would be very appealing to Quebecers? Do you promote the use of camping, beach, summer picnicking and travel facilities, especially in the counties represented by the chairman and myself?

Mr. Eakins: Is there sufficient bilingual literature?

Mr. Samis: The advantage of our area is they can get out of their car and talk to somebody in French as well, which is not the usual image of Ontario. This is a special advantage the eastern counties have, especially the united counties of Stormont, Dundas, Glengarry, Prescott and Russell.

I am just wondering if you are mentioning that particular part of the province, with its unique bicultural character, in your promotion.

Mr. Gibson: I wouldn't say we are singling out that particular part of the province in the way you are describing. By the same token, that part of the province has been the major beneficiary of travel from Quebec. That was probably more true this year than in any past year. I would anticipate that is something that is going to grow.

Mr. Samis: Do you have any material you could give us?

Mr. Gibson: I could send you some material.

Mr. Samis: I'd appreciate it.

Mr. Gibson: I can send you copies of our newspapers and some of our publications.

Mr. Samis: I would appreciate that.

I have one final question for the minister. We, in our particular area, get a lot of American tourists. Most of the merchants and tourist operators are quite co-operative in giving them a decent exchange on their dollar. Some of them don't; some of them exploit them to the fullest. What sort of monitoring do you do in terms of border areas, where American tourists are obviously a vital factor?

Hon. Mr. Grossman: We do not send people to check; nor do we have any authority to force anyone to give fair exchange to Americans.

Mr. Samis: I am just talking about monitoring; not enforcement.

Hon. Mr. Grossman: Our tourism field offices let us know if there is any problem. They monitor it. For example, if there were a pocket in which there was a particular difficulty, we would arrange a little session with our tourist and field staffs. I would guess you wouldn't find anyone who has participated in our We Treat You Royally training program who wasn't giving fair exchange. Anyone who is displaying our We Treat You Royally symbols or cards is giving fair exchange, or they have the privileges—and we think there are some privileges in displaying those symbols—removed.

[9:30]

Mr. Samis: Do you give any information to tourists telling them that if they deal with someone who has the We Treat You Royally symbol, and if they figure they did get ripped off, to complain about or report that particular merchant or operation?

Hon. Mr. Grossman: No, we don't. My field staff reports to me that we are not getting a lot of people who are creating a problem. There are some; they are quite visible and tend to make the problem appear worse than it is. It was not a major problem this past summer.

We do get the odd letter complaining about failure to give fair exchange. I don't have the figures with me, and we haven't calculated them, but from my reading of my mail I would say that this past year, over the previous year, there was barely any mail coming in.

Mr. Samis: I would say my experience in my particular riding was the same. It was a vast improvement last summer compared to the previous summer.

Since the member for Downsview (Mr. Di Santo) has some penetrating and probing questions, Mr. Chairman, I'll accede to him.

Hon. Mr. Grossman: Are they for this committee?

Mr. Samis: Of course they are.

Mr. Chairman: Mr. Di Santo, just before you begin: I have just communicated with Mr. Nixon, and he says the Liberal caucus is prepared to go on Bill 24 on Monday evening. Is that satisfactory with your people, Ms. Bryden?

Ms. Bryden: Yes, Mr. Chairman. If I have to be late because I can't find a substitute for my speaking engagement, I would ask that one or two of the items could be perhaps deferred until later in the evening.

Mr. Chairman: I will notify the government House leader then; it will be on the Order Paper tomorrow for Monday night, because the clerk has to communicate with at least 25 or 26 different people. Since it was cancelled Wednesday afternoon, they would like to know we will be going on Monday.

Ms. Bryden: Mr. Chairman, on that point: I think we are perhaps leaning over backwards in letting people speak several times on every single item. It seems to me it would be better if the people who have comments about the amendments would come and make one statement about all the amendments and then let the committee get on with dealing with the amendments. I don't see how we can have public hearings on every single amendment with every single person who has already appeared or been invited to appear on each amendment.

Mr. Chairman: It is not a question of our inviting them, Ms. Bryden. These people have shown strong personal interest; they have made it known that they wanted to be here when the amendments were put into effect. It is a democracy and some of these people are very large contributors in the way of taxation, therefore it's difficult to try to ignore them. We have to be fair with all groups.

I can understand what you mean. I have told them we wouldn't hear any briefs, but if they cared to voice their opinion, if they held up their hands in the audience when an amendment was being made before it was carried, we would hear them.

It is pretty dangerous, I think, to rule out allowing people to comment on a bill that is so contentious as this.

Ms. Bryden: Sounds like you only hear the large taxpayers, Mr. Chairman. I think if you allow them to speak once in the evening—

Mr. Chairman: We don't believe in a dictatorship.

Mr. Eakins: Mr. Chairman, I think that the pros and cons of that discussion can be on Monday night and tonight we can get on with tourism estimates.

Mr. Chairman: I just wanted to find out if we are ready for Monday night; I can't do it unless I get the permission of the three parties.

Mr. Eakins: I think they are pretty well agreed.

Ms. Bryden: Yes, we are agreed.

Mr. Chairman: Fine then; Mr. Di Santo.

Mr. Di Santo: It will be a peaceful meeting, I can assure you.

Hon. Mr. Grossman: Marion won't be here? Who are you speaking to, Marion?

Ms. Bryden: Some people downtown, on acid rain.

Mr. Di Santo: I would like to ask a question about the convention centre, on which I hope you can give us some assurance. I don't really understand where we are right now. In Montreal they were in the way of building their convention centre, as well as in Edmonton, and the Prime Minister last week announced in Vancouver he will give them 50 per cent by way of a federal contribution. Can you tell us where we stand right now?

Hon. Mr. Grossman: Actually it was 33.3 per cent.

Mr. Di Santo: I'm sorry.

Hon. Mr. Grossman: I'm sorry too. We stand in this position. I have an offer from the federal government on one of the sites being considered. It is land plus \$6 million. They value the land at \$13 million; but that's just the traditional figure used, I think a pretty good argument could be made that the land is worth more. Ultimately, when we make our decision—

Mr. Di Santo: We don't want to inflate the price of the land so we come to 52 per cent.

Hon. Mr. Grossman: One thing I want to arrive at is a situation where we are treating the federal contributions fairly in all cities. I obviously have to consider the Ottawa situation as well. In Ottawa there is a more severe argument about the value of the land as it relates to the federal contribution. Since it looks like we and the federal government are perhaps not going to be able to agree on the value of the federal contribution in terms of land in either situation, then to protect taxpayers on both sides of the situation we are going to make an assessment of what we be-

lieve to be the fair value of the federal contribution. We will take the fair value of the federal contribution and work from there to estimate the total value of the project and make what we consider to be a fair contribution from the province of Ontario.

All of that is a long way of saying I am now faced with the choice of trying to put the rest of the pieces together to build a convention centre in Toronto, or spend another long period of time arguing with the federal government over the balance of the moneys available.

I have chosen to work with Paul Godfrey to see if we can apply the provincial formula and get some contribution from the Metro government to put the moneys together to build the convention centre. We're both trying to work towards a deadline of about the first or second week in January.

Mr. Di Santo: Do I understand correctly that even when you have made all the assessments of the federal government participation, even though they do not come to 33.3 per cent, you are willing to go ahead?

Hon. Mr. Grossman: I will have a statement to make on the Toronto convention centre likely tomorrow morning or Monday afternoon.

Mr. Di Santo: What I am saying is, from our point of view, even if the federal government doesn't want to contribute the same way it contributes to the Vancouver centre you are going ahead?

Hon. Mr. Grossman: One of the things we are trying to determine of course, is the true value of the federal contribution. As I said, they have chosen for their own purposes—which I might say I find a little difficult to understand but that's neither here nor there—they have chosen to value their contribution at 25 per cent.

Mr. Eakins: Total?

Hon. Mr. Grossman: Total, that's right. As I stated earlier, they are really understating the value of the land and we are trying now to make our own assessment of what the value of the land is.

Mr. Di Santo: If you inflate the price of the land it doesn't do us any good, because we still need so much money to build the convention centre; unless you want to build it on the Downsview site.

Hon. Mr. Grossman: Do you favour the Downsview site?

Mr. Di Santo: Of course.

Hon. Mr. Grossman: No, come on, just be truthful; it's just between the two of us.

Mr. Di Santo: That would be a fine place to build it.

Hon. Mr. Grossman: Which is the better place?

Mr. Di Santo: And it's cheaper.

Hon. Mr. Grossman: Which is the better place?

Mr. Di Santo: The Downsview site.

Hon. Mr. Grossman: I understand.

Mr. Samis: I told you he'd be incisive.

Hon. Mr. Grossman: I thought Beaches or Cornwall would be better.

Mr. Di Santo: I only hope now that you don't have Barney Danson to contend with you will have an easy target to fight against.

Hon. Mr. Grossman: It's a lot easier.

Mr. Di Santo: Now that your friends can help you'll really be able to come up with 50 per cent. The financial burden for the province of Ontario is considerable.

Hon. Mr. Grossman: I have already got \$19 million, at least, more than we used to have.

Mr. Di Santo: I think now that we are being squeezed because of the oil price we don't need a squeeze on the convention centre as well.

I would like to ask you another question now.

Mr. Haggerty: You can spend the \$19 million in the Niagara Peninsula. We'll take it any time.

Mr. Di Santo: Don't be parochial.

Mr. Haggerty: It doesn't have to be in the city of Toronto.

Mr. Di Santo: Let me ask another question now, about Minaki Lodge. In a letter dated March 21, 1979 you said, "In the next 60 days I will have a report." You also said that the board of directors and the people interested—we found there was actually only one—were at the final stage. Recently we heard the same story.

Can you tell us what is the real story of this monster which has cost us millions of dollars? Have you any solution in view or would you be keeping it for press releases, which are very nice. We know Mr. Boyer does a great job, but the taxpayers of Ontario are not convinced at all. Tell us the true story.

Hon. Mr. Grossman: I have decided the government has really got to stop letting it just sit as it is, building up more and more costs. By March 31, 1980 we have to decide to end the exercise, to either build it and run it ourselves, get a management agree-

ment signed with some major chain to come in there or perhaps sell it. Those are the alternatives.

What happened last spring was that I had undertaken to report within 60 days; the report is no deal, the deal fell apart at the last minute, and that is one of the deals I was referring to when I spoke at the public accounts committee last week. That happens to be the transaction in which we already had the lawyers negotiating the final agreement as a matter of fact, when from my standpoint some of the benefits we were going to be receiving from that agreement did not prove to be as real as initially indicated. I felt it was not a good deal for the taxpayers of the province so we terminated negotiations.

Mr. Di Santo: If the agreement doesn't go through are you prepared to spend the money that is required for Minaki Lodge to be operated? What is the intention of the government?

Hon. Mr. Grossman: As I said, I will have to make a recommendation in March, and by March we will have had the benefit of approaching some of the major people in the industry one final time with the assistance of Mr. Rubinoff, who has taken over direct marketing of Minaki for us for the next few months.

If we fail to sell it, if we fail to get someone to come in and manage it for us, then, and only then, will I bring in the experts and try to make a decision as to what to recommend to cabinet.

[9:45]

I can tell you this, Mr. Maxwell had the opportunity to visit a ski hill in Michigan, he went down from Sault Ste. Marie while we were there the last few days to a place called Boyne, Michigan, which has a ski hill, I guess about the same size as Minaki, a little bit taller but roughly equivalent to Minaki's ski hill. It's an incredible development which is drawing business, I think up to 700 Canadians a day in the high season, from the Sault Ste. Marie area. It is five hours drive from Detroit, which is its major market. It is really an enormous success. Obviously it isn't equivalent to Minaki on all counts, so it does indicate that the right size of resort, in the right kind of area, with the right marketing and the right pieces in place can work.

I can only repeat what I said last week at public accounts, I'm not convinced that it can't work. I think a proper, sensible development might work. I can't be 100 per cent sure on that just now.

Mr. Di Santo: Has anyone suggested to you that you turn the lodge over to Sinclair Stephens, and he may be able to sell it to the private sector?

Hon. Mr. Grossman: He would probably sell it to foreigners and you would object to that.

Mr. Di Santo: That would be a real challenge, then we would see whether the private sector works or not.

Hon. Mr. Grossman: He should fold it into de Havilland and sell it.

May I just make one point? It's interesting to remember that the reason the government has it is that a good American entrepreneur thought it would work and was in the process of buying it when there was a hue and outcry about letting this incredible resource, this great land and this great lodge, go to Americans; so the government of Ontario came in and kept it in Canadian hands.

Mr. Di Santo: It's ironic, because this proves that we are right.

Hon. Mr. Grossman: That you are right? Don't you wish we had let it go to the Americans.

Mr. Di Santo: When we come to losses we socialize them and we ask the taxpayers to pay. When we come to profits then they're private.

Hon. Mr. Grossman: Ah, but it looked like profits then. Don't you wish we had let it go to the Americans?

Ms. Bryden: I have a supplementary on that, Mr. Chairman, if I might.

I notice in the estimates, which presumably were prepared last January or February, there is an item of \$750,000 for construction. I wonder if the minister could tell us exactly what he had in mind when the estimate was put in. That's in addition to the almost quarter of a million dollar operating deficit, just to keep the thing in mothballs. It seems to me that there comes a time when perhaps the minister should admit it was a colossal mistake to have bought this; to bail out the previous owner, really.

Mr. Eakins: The jewel in the crown of Ontario tourism.

Ms. Bryden: The minister should come to a decision as to whether it is a good thing to keep throwing good money after bad or whether he should perhaps close down the place and use that \$750,000 for creating some real jobs in the area. I don't think anything but a few maintenance jobs have been created since the government bought Minaki lodge, and it doesn't look like it's ever

going to really go. What did you have in mind when you put that \$750,000 in the estimates, what was it going to be spent on?

Hon. Mr. Grossman: That \$750,000 was put in the estimates as a figure to be recovered from the Ministry of Northern Affairs, which will fund the ultimate construction of Minaki if we go that route.

Ms. Bryden: What construction did you have in mind?

Hon. Mr. Grossman: That figure was put in a year ago when it appeared we would have an operator come in and manage it for us. That amount was put in this year's votes in order to enable preliminary work to be undertaken, architectural drawings, engineering and so on, in anticipation of major construction commencing this coming year. Since the management agreement was not reached those moneys will not be spent. A small portion will be spent on some small survey work or something, but essentially that \$750,000 will not be spent this year.

Ms. Bryden: If you get a private sector operator to come in. If you do not, do you have any plans for continuing it as a government operation, and doing the construction which you thought was necessary to make it operable?

Hon. Mr. Grossman: I thought I had just answered that question for your colleague. I will have decided that question by March 31.

Mr. Di Santo: I have another question.

Mr. Eakins: Could I ask the minister a question on that, a quick one? Does the \$1,000 a day to keep it closed include the salaries?

Hon. Mr. Grossman: It's all-inclusive.

Mr. Eakins: You have a board of directors. Does it include their salaries whenever they meet? I see you've just appointed a new one. Does it include Fred Boyer's \$47,000?

Hon. Mr. Grossman: It includes—

Mr. Eakins: Does that cost include all of those salaries, or are they extra?

Hon. Mr. Grossman: Essentially, that's all included. It's not \$1,000 a day. It will come in at about \$200,000 this year.

Mr. Eakins: Why would you need a board of directors, plus a managing director, Fred Boyer? Fred's a good fellow and he has done a great job for tourism, but why would you need another person to head up Minaki when really there is no action there, it's closed?

Hon. Mr. Grossman: It's his job to get some action there, it's that simple.

Mr. Eakins: I see he has been pretty successful, nothing has happened.

Hon. Mr. Grossman: We went over this in public accounts last Thursday. The fact that we haven't been able to conclude negotiations should not be taken to mean there has been no ongoing effort. One of the deals fell apart, but not because the major hotel chain we were negotiating with didn't think it was a good proposition. In fact they thought it would work, not in a major way in terms of major profits but well enough for them to be willing to do it. Ultimately, however, their board of directors decided they didn't want to insert themselves into the potential political hassle that would be entailed in the event the lodge failed to get off the ground in a major way.

This is not, I would say, to suggest that the opposition parties would be the problem there. They meant politics in the larger sense of seeing their name in headlines if Minaki, which has a reputation after all these years, didn't go too well. So they backed off, not on business ground, really, but on political grounds.

Fred Boyer has also spent a great deal of time with a third major hotel chain, taking them up there, walking them through, going over the figures and negotiating with them. We have really put a lot more time and effort into it than would have been the case if we hadn't had a civil servant working on it on a more or less full-time basis.

Mr. Eakins: Fred's a good man.

Mr. Haggerty: Put it in real estate multiple listing, you could save yourself \$40,000.

Hon. Mr. Grossman: We're going to prove you all wrong.

Mr. Eakins: Tourism in Ontario should be operated in the black; Minaki should be full and we should have several Minakis full. That is how tourism in Canada should be.

Hon. Mr. Grossman: Tell your party to take that position; they keep telling me I should close Minaki.

Mr. Eakins: The way it's going it should be closed; we want to see some action.

Hon. Mr. Grossman: At public accounts they were telling me to close it; they were telling me to put dynamite in it; they weren't telling me to open and operate it.

Mr. Eakins: That was Sid Handleman, let's get that straight.

Hon. Mr. Grossman: You'd better read public accounts.

Mr. Eakins: I read the Globe and Mail.

Mr. Di Santo: I have another question. A few weeks ago a study for the Ministry of the Environment was made public. The study is quite alarming. It said that acid rain could

decimate the tourist industry in northern Ontario in 20 years; 6,000 jobs could be wiped out with a loss of \$28 million a year; 600 fishing lodges could be affected.

The study also indicated that 40 per cent of the lakes in Algoma could be destroyed by acid rain, which could affect about 90 per cent of the largest ones. It also said that tourists are generally unsatisfied with the quality of fish available for catch; and of course if they are unsatisfied they won't come next year.

I would like to ask the minister if his ministry has a position vis-à-vis this problem. If it does, it's very difficult to understand the incestuous relationship which goes on within the Tory cabinet. What is that position? Also, if he has a position in support of the tourist industry in northern Ontario, is he willing to make it public? If he is not willing to make it public, can he tell us what he is doing with his colleague the Minister of the Environment (Mr. Parrott)?

Hon. Mr. Grossman: The government is working together on the problem. Harry Parrott and I have—

Mr. Di Santo: To destroy the fishing industry?

Hon. Mr. Grossman: I am not going to pay much attention to that. We are working hard on the situation. The Ministry of the Environment does maintain testing stations to monitor the situation, and as some of the data becomes available we are going to be doing some impact studies to assess it from the tourism standpoint. I can only assure you that we are all working together to solve the problem.

Mr. Di Santo: So you are at the stage of starting when we have a study which says that at the present rate the industry will be wiped out in 20 years, with a substantial loss of jobs—6,000 jobs, and \$28 million and you are saying that you need another study. I fail to understand. You are not satisfied with the result of this study?

Hon. Mr. Grossman: Data is becoming available all the time. From the tourism division standpoint we want to be in a position to have our own impact study with regard to the tourist industry specifically; the lakes involved, the impact on the lakes and so on, and we are doing that.

Mr. Di Santo: Okay. What kind of study are you doing right now which will give you different results from the study done for the Ministry of the Environment?

Hon. Mr. Grossman: The Ministry of the Environment is doing all the studies at pres-

ent. We are reviewing those studies from our own standpoint for tourism.

Mr. Di Santo: Do you know that most of the stations of the Ministry of the Environment are located in the Muskokas and southern Ontario, with very few in northern Ontario?

Hon. Mr. Grossman: I want to tell you that we are monitoring the situation. We are making our own impact assessments based upon all of the information being provided by the Ministry of the Environment.

Mr. Di Santo: Let me say that I am absolutely unsatisfied with your statement, because it doesn't answer the crisis which is developing there. It is a situation that has been known for many years and which is becoming very serious. It is up to you to state that you want to make further studies. I think the people in northern Ontario, the 6,000 workers at the lodges, are interested in some political action and some political direction. If it doesn't happen then it is your responsibility. As the Minister of Industry and Tourism I think you should take a stand at this point. I don't think you can go to the people of northern Ontario and tell them you are studying the situation when they live in that situation of crisis every day. It is threatening their industry and livelihood.

Hon. Mr. Grossman: I understand that you don't think my answer saying we are studying the situation is good enough. If I had said we aren't studying the situation then you would have gone berserk. I am telling you we are studying the situation because—

Mr. Di Santo: I am not saying that. Why do you have to distort what I am saying? What I'm asking is what type of action are you taking?

Hon. Mr. Grossman: The whole point of what I am saying is that as Minister of Industry and Tourism my role is to ensure that the government understands the impact of this problem on tourism. It is not my responsibility to work out the various solutions to that problem. You know that perfectly well.

That is a Ministry of the Environment area. The way a cabinet works, the way a corporation works, even a union and even our caucus, is that you divide up the responsibilities. Harry Parrott can't be expected to be an expert on tourism and I can't be expected to be an expert on the environment. He is entitled to draw on the resources and information from his colleagues to get the full dimensions of the problem. From my standpoint, my responsibility to the tourist industry is to make sure we are letting the

ministry that is responsible for solving the problem on behalf of this government know what the impact is on tourism. That is precisely and completely what we are doing.

Mr. Di Santo: I think that was the very question I asked at the beginning; what you are doing from the standpoint of your ministry, not what you think. The people of northern Ontario are less concerned about what you think; they expect some action from you. The way your government operates it seems it is quite irrelevant if the lodges have to close down and stay closed, with the loss of jobs.

[10:00]

What I am asking is what kind of action are you taking? How much money are you spending on the studies you are undertaking? How many people are working on them? When can we expect some results and a public statement from your ministry?

Hon. Mr. Grossman: There will be no public statement. It will be information that we will pass on to Dr. Parrott.

Mr. Eakins: How many dollars did you tell Harry Parrott we have lost already? Can you estimate that?

Hon. Mr. Grossman: I don't have that.

Mr. Samis: Have you met with anybody in the tourist industry to find out from their perspective the extent of the acid rain?

Mr. Eakins: Does Harry Parrott know the possibility of the loss?

Hon. Mr. Grossman: The Ministry of the Environment has a lot of this information.

Mr. Chairman: But this is a business thing. It is not an environmental thing when you talk about the impact on their operations.

Hon. Mr. Grossman: What we have to know is a projection of the impact upon the lakes and the extent to which the fish are being depleted from the lakes. That is the way you will project what is going to happen to the tourist business on any particular lake in any particular area.

It would be very foolhardy of us to presume to measure the impact on tourism by simply canvassing the tourist operators and saying, "how much of your business"—

Mr. Samis: It is quite simple. I asked you if you had met with any of them.

Hon. Mr. Grossman: John Maxwell has probably visited more tourist outfitters and lodges in the part of the province affected in the six months he has been in this ministry than any of you have visited in five years.

Mr. Samis: That is what we are asking. Are you specifically meeting with them to determine the effects of the publicity? For example, in this week's Time magazine there is a big writeup on acid rain. It mentioned Sudbury and northern Ontario. Millions of Americans will read that and say, "Well gee, should I?"

Hon. Mr. Grossman: If we presumed that these types of conversations were an adequate measure we would not be giving an adequate picture. If we took this past summer you would consider that it has little or no impact, because almost all the resorts experienced their best season ever. Every lodge in Muskoka, I think without exception, experienced their best season ever. So if you want to take that as an answer—

Mr. Samis: Surely the publicity has been mainly—

Mr. Eakins: Tell us why.

Hon. Mr. Grossman: You're asking me if I have monitored to see how the last summer went.

Mr. Samis: This industry is affected. Surely you have to consider it next year.

Hon. Mr. Grossman: I agree, but in terms of doing any sort of a scientific—

Mr. Samis: It is not scientific using your staff.

Hon. Mr. Grossman: What kind of analysis do you want me to make?

Mr. Samis: You have a staff. You are in there to represent the tourist industry just as Lorne Henderson is in there to represent the farmer. My colleague has just asked you what representation are you making on their behalf to put pressure on the Ministry of the Environment to get serious about the damn thing?

Hon. Mr. Grossman: I am telling you we have made several representations. We talk often; our staffs meet often and exchange information. I am only dealing with the suggestion that we ought to get on the phone and talk to people to see how much the publicity in Time magazine this week affected their tourism business last summer.

Mr. Samis: You are twisting it now, come on.

Hon. Mr. Grossman: The answer is, not a hell of a lot.

Mr. Di Santo: Mr. Chairman, I understand the minister doesn't want to answer. Last January we missed the international tourism fair in West Berlin. The report was that the provinces went along with the federal government and there was quite an uproar.

People spoke of tragedy and a serious error in judgement. The Ontario tourist operators were forced to use American stands or Austrian displays or private operators' displays.

Did you make any study of the impact, and survey of the business we lost because of our lack of participation in that fair? What is your program for next year? We understand that \$150 million of the tourist promotion expenses generated have been directed to North America and quite a lot of that could have come to Canada if we had had a very strong presence at the tourism show.

Hon. Mr. Grossman: The answers are no we haven't made any study; but yes, we are going back in.

Mr. Di Santo: We are going back to the fair? Okay.

I would like to ask a quick question, the last one. We know that in the second quarter the tourist travel account has been active but that seasonally adjusted we may end up with the year still in deficit. Some of the real reasons that have been pointed out by the tourist industry are the food costs and cost of alcohol, and interest rates. In fact they said, "We appreciate the campaign We Treat You Royally," but of course for under capitalized, small tourist operators, the interest rates are quite devastating.

This is another area where you are in conflict, your government is in conflict with the federal government, which happens to be a Tory government at this stage. I appreciate your interest in small business, in the tourist industry this is a particularly sensitive area. What are you doing in order to alleviate the problems created for the tourist operators by the interest rates, in view of the fact that the ODC has given very few grants because there is no demand or for other reasons? There have in fact been very few grants to the tourist operators.

Hon. Mr. Grossman: I know you are aware of the Tourism Redevelopment Incentive Program which we put in place, which will subsidize interest rates five per cent for those wishing to make new investments, which we think are important new investments, in the tourist industry.

We are also, through TRIP, providing for refinancing under certain circumstances and conditions, which gives long-term stability on those kinds of mortgages. So I think we are providing the tourist industry some great degree of assistance against high interest rates.

I remind you of the ODC programs, which in northern and eastern Ontario currently have interest rates that I suppose are still at

about 10½ per cent for tourist loans, I think that is pretty important.

I also remind you of the sales tax exemptions on hotel and restaurant equipment, sales tax exemptions which continue on those kinds of things for people who want to expand; that helps quite a bit.

Mr. Di Santo: Why do you think the tourist operators are saying they are over-taxed? What does the program do for the current operations, not for the new operations or refinancing for long-term stability as you said, but—

Hon. Mr. Grossman: We have a five per cent interest subsidy for new operations or those which are expanding. We have the ODC programs which have 10½ per cent mortgages for new or expanding operations. For the existing operations, or the ones you talked about which are making no changes, we have under certain circumstances a re-financing program under TRIP.

Mr. Di Santo: You think they should be satisfied?

Hon. Mr. Grossman: I think, in terms of the entire economy, there is probably no sector that is better buffered against interest rates than the tourism sector in Ontario.

Ms. Bryden: On the acid rain question, while it is the Ministry of the Environment's responsibility to do the testing I think it is the Ministry of Industry and Tourism's responsibility to see that government policy is moving in this area. Recently I was at an acid rain conference where one of the speakers said that to spend all your money on monitoring lakes and testing to find out the extent of the damage may be like buying a ticket to an autopsy, it may be too late.

One thing I would really like to ask the minister. Where does he stand on the question of really eliminating the cause of acid rain, which starts with cutting down the emissions from Inco? Is he prepared to push the Ministry of the Environment to put a few control orders on Inco, immediately, to get those emissions down? That is really the only way to cure the acid rain problem, that is to reduce the emissions at that source, as well as emissions from coal-fired power stations.

Hon. Mr. Grossman: I am in favour of cutting out the sources of acid rain which are causing problems for Ontario's tourist industry; I know you share my view on that, especially since it is all coming from the United States.

Ms. Bryden: Are you in favour of cutting the largest source of sulphur dioxide on

the North American continent, which is causing problems for the tourist industry? There is no doubt about that. With its super stack it is spreading the emissions all over the province.

Hon. Mr. Grossman: You may take that position, but you know as well as I that if the American sources of acid rain were cut out we would have no problems with our Ontario tourist industry.

Ms. Bryden: I don't think that is true.

Hon. Mr. Grossman: I will come to your speech Monday night. You can try to prove I am wrong, but I'm right.

Ms. Bryden: The tourist industry generally, in both northern and southern Ontario, is affected by what is coming out of Inco, and what is coming out of Nanticoke and some of our other coal-fired stations.

Hon. Mr. Grossman: Why don't you be as hard on the Americans as you are on the Canadians on the subject?

Ms. Bryden: We need to approach it from both angles, but we can't just say, "Let's wait until the Americans clean up their environment."

Hon. Mr. Grossman: They are the major source of the problem for Ontario's tourist industry. I just find it incredible that you bash the American multinationals for carrying on business here in Ontario, but when it comes to the acid rain problems where the Americans are causing most of the problems for us, you bash the Canadian companies and ignore the American ones.

Ms. Bryden: It is really the governments that are not enforcing the emission controls. Any company that is contributing to this should be under control orders.

Hon. Mr. Grossman: That approach is causing problems for our firms, without solving the problem.

Ms. Bryden: I am asking the minister to push his colleagues in cabinet to see that we clean up our own environment. I challenge his question that more than half of it comes from America. We don't have the data, really, on that; the fact remains there is a considerable amount coming from our sources.

I just wanted to deal with one other topic, and that is the ministry slogan We Treat You Royally. The one sector of his industry that he does not treat royally is that made up of the employees, particularly waitresses, who are subject to below the normal level of minimum wage, who are expected to make it up by tips, who get widely varying amounts of tips and who are actually living well

below the poverty line, particularly in small establishments. In effect, he is building an industry on people who are treated not royally but more like slaves, with this very low minimum wage and with shift work, split shifts and that sort of thing.

You are proposing, by supporting the convention centre out of provincial funds, to provide more of these low-paid jobs—

Hon. Mr. Grossman: Careful, your party supports it.

Ms. Bryden: If you are going to provide jobs you should provide decent jobs. Actually the convention centre, it seems to me, is largely a welfare state for the owners of overbuilt hotels. Why can't they put up the money instead of the province putting up the money, and then your money from the Ministry of Industry and Tourism could go into the creation of some decent jobs in—

Hon. Mr. Grossman: Do you know the labour council of Metropolitan Toronto is one of the strongest proponents of the convention centre?

Ms. Bryden: In the absence of any other job creation by the ministry, I can understand them wanting—

Hon. Mr. Grossman: That isn't what they said.

Ms. Bryden: —some construction jobs created.

Hon. Mr. Grossman: That isn't what they said. That isn't what they said at all.

Ms. Bryden: I really can't see why these owners of the overbuilt hotels cannot build the convention centre; they are the ones who are going to benefit from it mostly. At the same time the minister should be exercising his influence with the Minister of Labour (Mr. Elgie) to see that employees in this industry are not treated like slaves and paid a minimum wage that is below the \$3 level.

[10:15]

I would like to see us get away from the tipping system altogether, but at least if it were on a uniform basis of a 15 per cent service charge which actually went to the employees there might be some fairness in a different minimum wage. It still doesn't really work out fairly, because they work in different kinds of establishments.

Apparently the minister is not concerned about whether the employees are able to treat our tourists adequately or whether they are so overworked and so underpaid they may have trouble treating our visitors royally.

Hon. Mr. Grossman: I happen to think as a group they treat our visitors very royally and are a fine asset to our tourist industry. I

think many of them do very well under the current system. I believe, as does the Minister of Labour, there are no instances in which they are making less than the minimum wage. If there are any, you should let the Minister of Labour know of that position. I will pass on to my colleague and others who are concerned about the tourist industry that you and your party believe there should be 15 per cent tacked on to every tourist bill in the province. We will try to accommodate that situation.

Ms. Bryden: And no tipping allowed.

Hon. Mr. Grossman: I'll pass that on.

Mr. G. I. Miller: There is one thing that has been partially discussed but I'm not too clear on it. It's been bothering me for a long while. The minister announced on October 13 that Ontario will provide \$3.5 million to back loans to our tourist operators in hopes of rejuvenating the flagging industry. Yesterday, the minister said aid is being offered because the \$5 billion industry has shown no growth since the 1973 oil crisis. The money is primarily intended to help tourist camps offer more variety and facilities, such as insulation of tennis courts. Under the program the government will grant these loans to a maximum of \$500,000 for up to 15 years. Interest rates will be subsidized.

I was wondering how many have applied. Has that fund been utilized?

Mr. Tully: We have had a substantial number of inquiries. In terms of formal applications, I would say we have probably sent out application forms to about three dozen interested tourism operators. We are in the process of looking at the first of those applications that have come back to us.

We have one that is very close to the final stage of negotiation and is ready to be looked at by the board of the Employment Development Fund.

Mr. G. I. Miller: Will there be opening for more applications? If there were need would there be money made available?

Mr. Tully: There would be money available.

Hon. Mr. Grossman: I remind you, Mr. Miller, the program calls for \$15 million by way of government guaranteed loans, which are arranged through the banks. The tourism program does all that work. It guarantees the money to the bank. They get five points of whatever their rate is at the time.

Mr. G. I. Miller: Five points lower than the going rate?

Hon. Mr. Grossman: That's right. The \$3.5 million is in part to cover the five per cent interest subsidy.

Mr. G. I. Miller: I appreciate those answers.

I think there has been a proposal that Highway 3 be designated the Colonel Thomas Talbot Trail. I think the minister is aware of that. We had a meeting with the Minister of Transportation and Communications (Mr. Snow) and he made an announcement on November 9.

Now that affects the north shore of Lake Erie which I would say has been a depressed area for some years as far as tourism is concerned, though I think there is a lot of potential there. We do have 60 million to 70 million Americans we can draw from, plus southern Ontario. With energy going the way it is, I wonder when you are designating funds I know in eastern Ontario and northern Ontario you specialize and give special rates, do you designate any of them for other parts of Ontario? Could that Lake Erie area fit into that type of a program so that you provide a service for southern Ontario and stimulate the tourist industry generally in the area?

Hon. Mr. Grossman: The ODC programs currently do give the preferential rates in northern and eastern Ontario for tourism loans. But the Tourism Redevelopment Incentive Program, and that is the one we are just talking about, is a fund being run essentially like the Employment Development Fund and that gives the ministers the decision-making authority to make the loans on a selective basis. I can assure you when that sort of thing is being done we give great consideration to the importance of any particular project to a particular part of the province, so that as I have said with some of the EDF grants that we have made, some of them would never have been made if they were in the Golden Horseshoe but we made them because that number of jobs is absolutely crucial to the community involved, for example Smiths Falls. We otherwise might not have approved it for the Golden Horseshoe.

So that sort of situation applies. If it's something that will make a greater impact than it happens on the north shore of Lake Erie than it would if the same project was going to, say Muskoka, it would be approved in your area.

Mr. G. I. Miller: I just want to express that I think it is a step forward. We do have a lot of provincial parks. The facilities are there. We have many marinas, in my own riding particularly I think there is a good supply of marinas and a lot of potential for growth. The operators could use the support

to stimulate further growth. In order to borrow money you have to have the people coming in; that stimulates the whole system, it goes hand-in-hand. Maybe you could give that some special consideration.

I know the chamber of commerce of Port Rowan has been in touch with your ministry. At the present time there is no accommodation there as far as motels are concerned. There are a lot of attractions like the Backus conservation area, the Port Royal goose sanctuary; it is the migrating area for wildlife, for ducks, geese and swans in the fall and spring. I think if they could provide the facilities and be able to finance development it goes hand-in-hand.

Hon. Mr. Grossman: So do we. Our tourism field staff is looking for those opportunities. We are really trying to work very closely with the municipalities involved and with the local tourist operators to see how we can maximize some of those things. As I was saying earlier, we are now trying to move into a phase where we can do more long-range planning and begin to look at some of the problems rather than only responding to ad hoc proposals that come out of various committees. I think it gives us an opportunity to look at parts of the province and say, "Here's an underutilized and untapped part of the province where maybe we should put on a thrust over the next few years." Yes, that will go on.

Mr. G. I. Miller: One final question: I was wondering what the figures would be for Toronto this year? Has there been a considerable growth in tourism as a result of the devaluated dollar? I have tried to get hotel rooms in Toronto the last three or four months and there have been several times I haven't been able to get a room in the downtown area. I just wondered if you have any up-to-date figures, or will that take another year before you can calculate that?

Hon. Mr. Grossman: I have a friend with an apartment, let me know.

You are quite right. The situation in Toronto was terrific this year. It was really, I think, the best tourist season they have ever had. As Mr. Maxwell reminds me, two major hotels in Toronto have closed just recently, which has taken off the market—

Mr. G. I. Miller: The King Edward and the Lord Simcoe?

Hon. Mr. Grossman: This has made a bit of a squeeze but that might be alleviated over the next couple of years, it could well be that we may have a new hotel in the offing.

But in any case yes, it was an excellent year for Toronto tourism, an absolutely booming

year. The hotels were full on very many occasions, even before those two hotels closed. It is really quite a healthy situation for Metro. One of the things we are trying to do is take this new popularity of Metropolitan Toronto, which has now acquired an international reputation as a great city to visit, and build upon that to get people here for a couple of days and move them out to another part of the province.

Mr. G. I. Miller: An example, again, is exploring in the Jarvis area, which has not been running at full capacity. It's a good facility I think. Simcoe has many good facilities too as far as motels are concerned. I think there has to be a tie between them. It is up to the ministry to designate areas so that they can take trips from Toronto. Again we are only 70 miles from Toronto. It's just an hour and a half's drive and I think that could be a priority in planning for the future.

Hon. Mr. Grossman: Thank you. I appreciate that.

Mr. Chairman: Mr. Haggerty.

Mr. Haggerty: Thank you, Mr. Chairman. I want to bring something to the attention of the minister and hope that he can be of some assistance and some help, and that is the matter relating to the town of Fort Erie, which may be losing another industry. It's one of the largest tourist attractions in the area, in the whole peninsula, and that is the Fort Erie racetrack. I am sure you are aware the Ontario Jockey Club is considering closing that track down. It employs an average of about 300 persons for about four or five months of the year, bringing in about \$17 million to \$20 million a year in revenue, you might say on wagering, to the province of Ontario. Of course it adds to the almost \$50 million that is raised in racetrack money.

I don't know what I can suggest to the minister, but it does bring in a large number of Americans. Almost 51 per cent of the bets wagered there is American money, and I suggest that we can't afford to lose another industry there. We lost the St. Catharines raceway. It is sitting there idle. I said before, jokingly, if you want to spend \$19 million for a centre down there, a convention centre or something like that, maybe we should be looking at one of the racetracks in the area.

It is going to cause a problem there. Maybe you should be looking at the tax structure that affects the racetrack. Perhaps it's the horse-men looking for larger purses, larger winnings to keep their horses at the track. I think one per cent of that revenue goes back to the racetrack, or the Ontario Jockey Club, and is passed on down to the chain of horse breed-

ers, the winner and so on. Perhaps consideration should be given to increasing that return, giving a little better return to the industry that will help the system where a track is losing some revenue.

Maybe it's a result of not spending enough money on advertising. The racetracks in the States—Finger Lakes and Batavia and places like that—are advertising all the time on TV stations, particularly along the border, and of course this is stiff competition for the Canadian trotting tracks.

I know that the mayor of Fort Erie has suggested offtrack betting, but I think we had better be careful. I supported that one time, but I am afraid that if you go to off-track betting all the industry would be gone in the province of Ontario and we would be running all the horses from the southern tracks of the United States. Offtrack betting may generate some revenue here to Ontario; but the track operators are a good-size business, a good-size industry in Ontario; and I suggest that it's a good tourist attraction. You should take a close look at this and see if you can't assist the industry somehow. I don't know how, but I think they need some assistance, even some advertising through this ministry.

[10:30]

You advertise the city of Niagara Falls, with the falls being the major attraction, but for some unknown reason the other sites in the area are missed. There's much to be offered in the area, the racetrack is one of them, and of course the Sherkston Beaches operation is exceptionally good. I see Mr. Wilson nodding his head. It is a great attraction with about two and a half miles of excellent shoreline, sandy beach and all that.

But I am thinking particularly of the racetrack. We could be losing it and that means another industry gone in a rather depressed area. I just don't think we can take it any more. I think you have to look outside the city limits of Toronto. There are other areas that could use additional funding to assist them to bring tourists to the province of Ontario.

Hon. Mr. Grossman: I just found out about the Fort Erie racetrack situation. I will be speaking to my colleague the Minister of Consumer and Commercial Relations (Mr. Drea) about it, likely tomorrow, when I next see him. He's done his share.

In my time, when I was responsible for overseeing the racing commission, the industry at large seemed to be doing not too badly. It wasn't doing terribly well, but then it wasn't in dire straits. The sire stakes pro-

gram had worked fairly well and had upgraded the types of horses that were showing up at the tracks, which I think did help to keep our industry competitive here.

Mr. Haggerty: It's one of the most beautiful racetracks in North America.

Hon. Mr. Grossman: I've been to the Fort Erie track, indeed at one time—well I've been there.

Mr. G. I. Miller: Could I ask a supplementary and maybe make another suggestion along the same line, it comes under the car racing business?

Hon. Mr. Grossman: We are not at that vote yet.

Mr. G. I. Miller: I know we're not, but it concerns the Cayuga Speedway. Although I'm not a real fan myself, they do have a difficult time with financing and making ends meet. Perhaps weather conditions are also influential. It's had races lined up and they have been rained out on a number of occasions.

Both the Cayuga Speedway and the drag strip are similar facilities, and they hit them pretty heavy for taxes and there is nothing in return.

As Ray pointed out, the Fort Erie racetrack, the oval, I think is a three quarter mile track and is perhaps one of the finest facilities in Canada. Maybe some consideration should be given to that type of recreation too.

Mr. Haggerty: The Fort Erie racetrack pays taxes to the municipality of \$300,000; it's the largest taxpayer in the community.

Hon. Mr. Grossman: Is that right?

Mr. G. I. Miller: They hit them pretty hard.

Mr. Eakins: I know that we only have a little time and I don't intend to take too much, I only have another question or so.

Hon. Mr. Grossman: That's what Odoardo said for 45 minutes.

Mr. Eakins: I learn from Odoardo, he's a good operator.

Just before moving on, we were talking about the hotels in Toronto. I think they've had a record year. It's very difficult, even on weekend, to get space. I see a lot of people coming from New York state and other places and I think that's great.

Have you been monitoring the accommodation tax? I've been a strong supporter of this, and still am, but I hear some criticism of it. People are saying, "The hotels put up their rates regardless." Do you see the accommodation tax as having an effect

on the increase in tourism? How do you moderate the accommodation tax?

Hon. Mr. Grossman: This is a tough one.

Mr. Eakins: Does it have a bearing on whether people come or not? Does it keep down the cost?

Hon. Mr. Grossman: I look at it this way: American tourism fell off after 1973. I think it fell off in some measure because there was the perception that holidays in Canada were too expensive. I don't know which straw breaks the camel's back, but right now we are in a position in which holidays in Canada are once again perceived to be relatively inexpensive, partly because of the devaluated dollar, partly because costs here have moderated well. Inflation in the US is now running at 13 per cent, ours is moderate.

In terms of the general image we present in the United States, I think it is important to keep us out of a situation where in one fell swoop all accommodation in Ontario goes up by seven per cent. My feeling is let's just keep it moderated.

Mr. Eakins: I would agree. There is one thing I wanted to mention, and that is the Hostelry Institute. Marion Bryden mentioned something important tonight in regard to the status of our waiters, waitresses, cooks and chefs. I am delighted to see the Hostelry Institute is getting under way. I hope it is very successful, because one thing we have to do in this province is elevate the status of the waiter and waitress. For too long they have been considered the bottom of the barrel in status. It has been the general feeling that anyone can be a waiter or waitress, and I don't think this is true. Through the Hostelry Institute and other programs I hope we will be able to upgrade the waiters, waitresses, cooks and chefs.

Could you give us some background information on the Hostelry Institute? Who can take part in the Hostelry Institute? Where do they draw their students? Are they from existing industries, existing businesses? If young people want to get into the hospitality industry as waiters, waitresses, cooks or chefs, can they apply to the institute or do they have to go through an existing business?

Second, I am delighted to see that it is going to be through the community college system. Will it expand to other colleges outside of George Brown? I am thinking of Sir Sandford Fleming and others throughout the province, so that people generally would not have to descend on Toronto. They should have the opportunity to avail themselves of courses throughout the province. Could you

bring us up to date on what your plans are for the Hostelry Institute?

Hon. Mr. Grossman: The Hostelry Institute will be as accessible as any community college is, by simple application.

Mr. Eakins: Any community college can take part in the program?

Hon. Mr. Grossman: George Brown Community College will be the campus for the Hostelry Institute. The kinds of things we are trying to accomplish at the Hostelry Institute unfortunately can't be provided in all community colleges, simply because of the massive investment of capital in the right kind of equipment. We want to train chefs, pastry cooks and so on, and that requires a rather extensive facility. So we are following the example of many other jurisdictions and picking one plant in which to arrange to do that. In other words, it is not something that would be easily mobile throughout the province.

Mr. G. I. Miller: What about northern Ontario? Do they all have to come to Toronto?

Hon. Mr. Grossman: There are no plans at the present time for other parts of the province. There are at least five other countries which have the equivalent of the Hostelry Institute and all of them have only one. That is usually because of the cost.

Mr. G. I. Miller: The reason I was asking was because up in Burks Falls, and I get to Burks Falls occasionally, the indication there is the girls don't want to leave home. They would rather stay there and do some things they shouldn't be doing. I just wonder if there is any way to encourage them to—

Hon. Mr. Grossman: I think our We Treat You Royally program as it continues and our field staff as they continue their contribution, and a lot of the efforts we are into to bolster the tourist industry will emphasize its important status.

Mr. G. I. Miller: Northern Ontario is a good area for this industry; maybe you should take something there in the way of training so they wouldn't have to come to Toronto.

Hon. Mr. Grossman: I am not sure where we would have built it; apart from the constraints we had a building here which could be adapted.

Mr. G. I. Miller: I just use Burks Falls as an example.

Mr. Eakins: Will the Hostelry Institute deal with waiters and waitresses, or is it mainly chefs?

Hon. Mr. Grossman: It will deal with waiters and waitresses.

Mr. Eakins: I think it is important that this particular area be upgraded, because it is one area where you receive a lot of complaints. It is something I think has to be tied in with the We Treat You Royally campaign, which I think is a good campaign. It really has to be an ongoing one.

As I said before, I think the program really should be encouraged throughout all ministries. I don't think it should just be aimed at the people who have to upgrade their approach to people, in hotels, motels or restaurants, et cetera. I think it should start at the ministries in Queen's Park, how the people receive visitors right here in the parliament buildings and everywhere. I think it has to be an all-over program; I hope it will spread wherever possible.

Hon. Mr. Grossman: I might remind you that in eastern Ontario we had some federal customs officers taking the course. I thought that was pretty important.

Mr. Eakins: Almost everyone comes back from the deep south saying, "Boy, we were treated just great. They were so friendly and asked us to come back again." I was visiting some relatives in Georgia last March and what a difference it was once we hit the service centres on 401.

Hon. Mr. Grossman: I hope you didn't spend much money down there.

Mr. Eakins: No. I was only there three days. The accommodation was free so it didn't cost me anything.

Hon. Mr. Grossman: You didn't buy anything.

Mr. Eakins: No, I didn't buy anything.

Mr. Haggerty: Just at the duty free shop.

Mr. Eakins: One of the big complaints is the approach to service at the service centres and whether you feel welcome or not. We need to upgrade those facilities a great deal for people coming across the border; that and providing a decent type of rest stop for travellers. This is what impresses you when you do go south. They have excellent rest spots. It shows us lacking a little bit, I think.

Hon. Mr. Grossman: I am concerned about that. We are looking, for example, at the Buffalo to Toronto run on the Queen Elizabeth. It doesn't have adequate—I don't think it has any rest areas.

Mr. G. I. Miller: Except the weigh scales; that's the only place you can stop and have a sleep.

Hon. Mr. Grossman: Yes; we are having a look at that in conjunction with our whole program related to tourist information centres throughout the province.

Mr. Eakins: Anything you do in that regard will have our full support. I think it is very important.

We could talk all night about tourism, but I think I have touched on most of the things I wanted to talk about. There is only one other area we might take a look at, and as far as developing a new program I don't think we have given that much attention to it in Ontario—I know it is growing throughout western Canada—and that is the farm vacation programs.

I would like us to get involved in the farm vacation program, because I think it has a lot of possibilities. Saskatchewan, for instance, has a very active farm vacation program. If there needs to be some encouragement in this field I think we should give it.

Hon. Mr. Grossman: I would conclude by saying we did include, this year, a section on farm vacations in one of our publications. The truth is they aren't going as well as I thought they might, but we are continuing to promote that. Thank you for raising it, and thank you for your suggestion through these tourism estimates. Next year we will do tourism first.

Ms. Bryden: When the minister said he was sure all the waiters and waitresses were getting at least the minimum wage when you

added their tips, does he know what the minimum wage works out to, that is if they got \$3 an hour with their tips included? In a year it is \$6,240, which is away below the poverty line. Is he prepared to build an industry on that basis or is he prepared to see that the minimum wage of \$3 be applied and the tips be on top of that if he wants to attract good people into the industry?

Hon. Mr. Grossman: Obviously the government believes its current minimum wage policy is fair and works or else we would have raised it.

Ms. Bryden: Could you live on \$120 a week?

Hon. Mr. Grossman: You might want to raise this with the Minister of Labour. Obviously I support the government policy on minimum wage.

Ms. Bryden: Try it for one week; just see how it works out.

Vote 2304 agreed to.

Mr. Chairman: This completes the estimates of the Ministry of Industry and Tourism.

Hon. Mr. Grossman: Thank you, gentlemen and lady.

The committee adjourned at 10:45 p.m.

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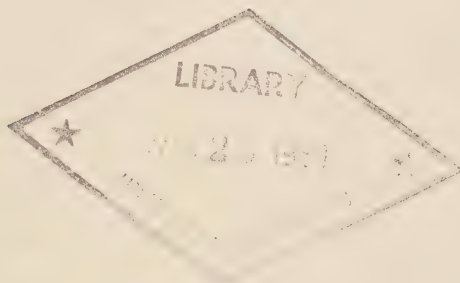
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Legislature of Ontario Debates

Official Report (Hansard)

3 **Resources Development Committee**
Estimates, Ministry of Labour



Third Session, 31st Parliament
Tuesday, December 4, 1979

Speaker: Honourable John E. Stokes
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

TUESDAY, DECEMBER 4, 1979

The committee met at 8:07 p.m. in committee room 1.

ESTIMATES, MINISTRY OF LABOUR

Mr. Chairman: I recognize a quorum. We'll call the meeting to order. The minister normally has opening remarks and we'll extend that courtesy to you, Mr. Minister.

Mr. Mackenzie: Mr. Chairman I would like to raise a point of procedure with you first. I'm not sure just how it's done, but I would like to use about 15 minutes of my presentation, when we get around to it later this evening, with a video film. I don't know whether we need permission of the committee, or whether it's all right with those here, but I thought I would raise this point of procedure at the beginning.

Mr. Chairman: Do any members of the committee have any objections?

Hon. Mr. Elgie: Mr. Mackenzie let me know beforehand what was going on and I have no objection to it. I know any film he presents would be suitably censored and unbiased and reflect the true views of all society, so I have absolutely no objection to it whatsoever, knowing the fair, unprejudiced, unbiased, detailed cutting and editing that would have gone on.

Mr. Mackenzie: It cuts through some of the biases of others.

Mr. Di Santo: That's what Frank Drea says.

Mr. Mackenzie: Do you want to identify those people?

Mr. Wildman: If they turn white during the presentation they will be identifying themselves.

Hon. Mr. Elgie: Better be careful, that kind of remark might get you into trouble. That might be a dangerous remark to make in the wrong setting, with garbage tracks running in front of us.

Mr. Chairman, ladies and gentlemen, those on my right and those on my left—I know that some on the right must feel uncharacteristic in that position but—

An hon. member: We want to see the TV.

Hon. Mr. Elgie: Yes, you want to see the TV, I understand that. Those on the left have no desire to see the TV.

In any event, at the outset, I would like to take the liberty of introducing some of the senior ministry staff, most of whom I'm sure are known to many of you. On my immediate left is Deputy Minister Tim Armstrong. The assistant deputy minister, occupational health and safety, Dr. Rodney May, is second from the end to my left. The assistant deputy minister, program analysis and implementation, Nicholas Ignatieff, is two down from me, just next to the deputy.

It is with a degree of pride that I introduce the former executive director of industrial relations, Vic Pathe, now assistant Deputy Minister in charge of industrial relations, reflecting the new responsibilities that he carried before in his old title, Paul Hess, the ministry's senior legal counsel, sits there all-knowingly in the front row to my left.

In addition, I am pleased to introduce three new colleagues who may or may not be known to some of you: Don Pollock, shyly sitting back in the corner—which is an unusual posture for him—is chairman of the manpower commission, having left the lucrative position of executive officer of Canada Wire and Cable, to fulfil a very important task, for which we are very grateful, by way of a two-year assignment as manpower chairman.

George Adams, sitting humbly in the second row on the left, busy chairman of the Ontario Labour Relations Board, comes back to us having been in private practice and also having been a former assistant deputy minister in the Ministry of Labour.

Dr. Hans Beinum, sitting there modestly on the right, second row back, is the director of our Quality of Working Life Centre. He joined us over a year ago. Without being unduly proud, I might say he brings with him an international reputation as somewhat of an expert in this challenging and important field.

There are many other heads of programs and directors here tonight, all of whom contribute greatly to the ministry, and as the estimates progress I'm sure you will have an opportunity to meet with them and discuss

the various questions relating to their divisions.

Although this is only the second estimates debate in which I have participated, on the basis of last year's experience I believe it offers one of the better opportunities for open, frank and detailed discussions of the many important issues facing the Ministry of Labour.

We have been allocated 23 hours for this purpose—some say too many; some say too few—and while I have certain preliminary comments to make I don't wish at this time to engage in any prolonged introductory remarks. I think it's important to get on with the program details without undue delay.

However, it may be useful at the outset to set in perspective the ministry's general mandate and task by reviewing its development over the last four years—sort of a four-year plan retrospectively viewed.

In the fall of 1975, Ontario's work force numbered 3,800,000 compared to the 4,300,000 we have today. In 1975, this Ministry of Labour had a complement of 751 and a budget of \$18,760,000. Today, the ministry has a total staff of 1,272, with a budget of approximately \$43,000,000. This reflects not only the growth of the work force but the increased statutory and program responsibilities to which I will refer in a moment.

The profile of the labour force has also changed. For example, the participation rate of women has increased in the last four years from 49 per cent to 54 per cent. The rate of employment growth in services has outpaced that in manufacturing, although in the last year or two it is interesting to note this trend has been slightly reversed, in large part due to the stimulus to manufacturing resulting from the declining value of the Canadian dollar in international markets. The effects of the birth rate increases in the 1950s and 1960s have intensified over the last four years, putting particular strains on our capacity to provide employment opportunities for our youth.

[8:15]

Of course, inflation continues to threaten the real earnings of all citizens. In 1975, the first year of the anti-inflation program, the consumer price index stood at 142.8. In October 1979 it had risen to 195.9, an increase of 37.2 per cent, for an average annual increase of 9.3 per cent. These persistent problems cause concern to all wage earners and have important ramifications for the work of the conciliation and mediation branch of the ministry and its endeavours to assist bar-

gaining parties in arriving at satisfactory settlements.

All of this must be viewed against a backdrop of slower economic growth and the very real danger of a deepening recession in the economy of our major trading partner over the next 12 months.

It would be idle to pretend that this ministry can have a decisive impact on the negative aspects revealed in the recent economic indicators. However, we do have a continuing obligation to ensure that the legitimate interests of the work force are addressed, despite the prevailing public mood which appears to favour retrenchment and generally less governmental intrusion. I believe the ministry's recent record shows we have pursued an active, broad-based strategy, both legislative and programmatic, to advance the interests and protect the rights of the working population of Ontario.

In passing, I cannot resist the observation that it is not always easy to reconcile the attitudes of our major client groups concerning the desirability of legislative action in particular cases. Depending on the context of the particular interest at stake, it is frequently contended that we are either too aggressive or too passive.

Speaking frankly, some employer groups vigorously opposed Bill 25, arguing that the parties to collective agreements should be permitted to fashion their own remedies for rights disputes, regardless of complexity or costs. On the other hand, employers generally favour greater legislative intervention in relation to strike and ratification votes and in regard to certification procedures.

This ambivalence about government intervention is not simply limited to management. Labour says, on one hand, "Do not interfere with the free and unfettered right to bargain collectively, including the right to strike." However, it supports government-imposed first contract arbitration if, at bargaining, an impasse results which it cannot resolve on its own by economic sanctions.

This is a simple example, in the industrial relations context, of the ambivalent attitudes of our major client groups which tend to make this job immensely fascinating and which ensure that whatever we do in the ministry we are almost certain to alienate some particular group. I tell my staff, somewhat facetiously, that a sure sign of success in this sometimes emotionally charged, volatile field is when you have managed to annoy everyone, including the opposition. Some will say that by this test we have been a resounding success.

Before turning to a brief discussion of some of the major programs, I would like to review the legislative record over the past four years, a period, as I have argued, when the pressures against increased government intervention and expenditure have increased enormously.

First, there have been major revisions to many of the mainstream provisions of the Labour Relations Act affecting the certification process and enhancing the remedial powers of the Ontario Labour Relations Board. In addition, in two separate amending bills, bargaining in the industrial, commercial and institutional sector of the construction industry has been totally restructured and a statutory grievance settlement mechanism unique to North America has been enacted.

Second, the whole field of occupational health and safety legislation has been restructured. All of the components—industrial, construction, mining, the service sector, public and private—have been pooled together so that the vast majority of our working population is now covered by a single, comprehensive and progressive act. That statute blends the complementary requirements of voluntary joint responsibility on the part of management and labour with the safety net of vigorous governmental monitoring and remedial action where required.

In addition to these legislative initiatives, we have in this period broken some new ground in using preventive mediation to help identify and improve trouble spots in key labour-management relationships. We have also developed a centre of expertise on the quality of working life in Ontario and have begun to promote in a practical way new approaches to the organization of work.

We have also established the Ontario Manpower Commission to evaluate existing manpower programs and to ensure that appropriate action is taken to meet existing and foreseeable needs in such areas as skill training, job creation, manpower information and employment strategies for special needs groups.

I will return to these subjects later in my remarks, but I wanted at the outset to highlight those areas where the ministry in my view has, in all humility, been in the forefront in Canada in developing new legislation and programs to address the most urgent problems in the work place.

I would be less than frank, however, in reviewing this period if I suggested that no unresolved problems remain. Certainly, despite our legislative action and numerous program initiatives, the problems of equality of pay and opportunity faced by women con-

tinue. The legitimate expectations of women in the work force have yet to be fully met.

Another difficult area is that of layoffs due to plant closures and plant relocations. In a time of slow and uncertain economic growth, with increased foreign competition strengthened in some sectors by tariff reductions, layoffs are to some degree inevitable. However, better ways have to be found to make the necessary manpower adjustments as fair and efficient as possible for existing employees, without jeopardizing the ability of a business to make the decisions that are necessarily required to best utilize its total resources.

In the area of human rights, we have recently announced initiatives on the serious question of race relations and also on the rights of handicapped persons. However, as I said in introducing these measures in the Legislature two weeks ago, the process of reviewing present legislation will be continued with a view to strengthening the anti-discrimination provisions of the Ontario Human Rights Code.

The problems of the past few years have emphasized a central role for the Ministry of Labour, that of mediator and catalyst in helping to link the two major economic groups, business and labour, and to assist them in identifying areas of common concern.

This we have done in a number of ways, including the creation of a labour-management steering committee for the ministry's Quality of Working Life Centre, the strengthening of the construction industry review panel which oversees collective bargaining in that industry, the establishment of a labour-management committee to address matters of common concern in the retail food industry, the creation of a new labour-management advisory committee on grievance arbitration, and an advisory council on equal opportunity for women.

In addition, labour and management representation is an important element of the new Ontario Manpower Commission and of the Advisory Council on Occupational Health and Occupational Safety. The ministry continues to pay an active role with business and labour on the Premier's advisory committee on the economic future, and we are similarly very active in presentations before the Premier's business advisory council.

I am under no illusion about our difficulties in these bridge-building exercises, nor do I expect that there will be any immediate or dramatic changes in traditional industrial attitude and practices. Nevertheless, there are surely areas of conflict and disagreement which are unnecessary and which can be

eliminated if we learn how to communicate more effectively. I believe we are making perceptible, if slow, progress in this area.

At this point, I think it would be useful if I turned to a more detailed description of some of the initiatives being taken to improve the industrial relations climate in the province.

As I noted earlier, Bill 25, now section 37(a) of the Labour Relations Act, was passed in June and proclaimed on September 1, the product of several years' consideration of the problems in processing grievances under collective agreements. It is intended to simplify and expedite the grievance process by providing a statutory option to negotiate procedures.

With the proclamation of Bill 25, a new office of arbitration has been created which will supervise the receipt and processing of requests for the appointment of an arbitrator under both the amended Labour Relations Act and the Hospital Labour Disputes Arbitration Act. I was pleased to be able to announce last month the appointment of Jean Read as director of the office of arbitration. Jean is here tonight. Miss Read's expertise and extensive background in the field of labour relations, as a mediator and conciliation officer, make her eminently qualified to undertake these important new responsibilities.

I anticipate significant improvement in the grievance resolution process through the utilization of grievance settlement officers attached to the office of arbitration. I am confident that the settlement officers will play an increasingly important role in reducing the number of grievances which proceed to arbitration, and generally in promoting a more harmonious industrial relations climate.

To facilitate the new grievance arbitration process, a labour-management advisory committee has been established under the act. It will assist in maintaining a roster of qualified arbitrators and advise on matters relating to arbitration generally. The committee includes three trade-union representatives and three management representatives and is chaired by the assistant deputy minister for industrial relations.

Turning to the vital area of support to collective bargaining itself, the caseload of the ministry's conciliation and mediation service continues to grow. This is as a result of our own initiatives in encouraging both preventive and post-conciliation mediation, and also in response to a growing recognition on the part of both management and labour that a sound, day-to-day relationship is the cornerstone of healthy collective bargaining. So far

this year, 68 preventive mediation cases have been undertaken by the division.

A number of factors which had contributed to the difficult bargaining climate in 1978 continued to exert a strong influence in the first half of 1979, particularly the relatively high rate of inflation which has resulted in a loss in real earnings for some workers. As a result, man-days lost in work stoppages during the first eight months of 1979 were almost 50 per cent higher than for the corresponding period of 1978, in large part due to the major Inco dispute.

If we exclude the largest single dispute from the figures for 1978 and 1979, we find that man-days lost in the first eight months of 1979 were approximately 11 per cent below the levels recorded in the corresponding period of 1978. In fact, over the past few years, Ontario's so-called strike record has compared quite favourably with that of Canada as a whole. In relation to the size of the work force in each, Ontario has a lower frequency of strikes, a lower proportion of workers involved in strikes, fewer man-days lost and a significantly lower loss of working time through strikes than does Canada as a whole.

A number of this ministry's new and ongoing initiatives address work-place issues which, while not directly related to industrial relations processes, nonetheless affect the industrial milieu in which the collective bargaining system must function. I value these programs highly. They may ultimately have a greater impact on how we in Ontario live and work than many programs that have a statutory base.

Last year at this time I presented to this committee two new ventures: the Quality of Working Life Centre and the handicapped employment program, both of which have made substantial progress this year.

The Quality of Working Life Centre is now fully operative and is staffed by three program co-ordinators under the executive director, and a number of associates who are involved in implementing the centre's mandate to improve the quality of working life of people in Ontario. The prime focus is to give employees more involvement in and more responsibility for their total work environment.

It is important to stress that the centre is not a grant-making organization. Instead, it is seeking out and becoming involved in actual quality of working life projects throughout Ontario. The response to an initial series of seminars co-sponsored variously with York University, Lambton College and the Niagara Institute has been excellent

Since quality of working life concepts must be accepted jointly by employers and employees, I was particularly gratified to hear that the first joint labour-management seminar was oversubscribed, while a similar session planned for January 1980 is already fully subscribed.

[8:30]

The handicapped employment program has established itself as a useful focal point in the relationships between Ontario's handicapped citizens, their associations, charitable and service organizations and other government programs.

With a broad mandate to improve employment possibilities and opportunities for the handicapped, program staff have undertaken an impressive list of activities which you will find described in the explanatory material for the estimates under vote 2401. I would draw your attention to two matters in particular.

The first is the co-sponsorship of the United Handicapped Groups of Ontario Conference on employment in May 1979. The second initiative is just under way. It is a project established jointly with the Ontario March of Dimes in Hamilton. Its goal is the development of a co-ordinated, locally based approach to identifying employment opportunities, barriers to employment and the support mechanisms required by handicapped job seekers and employees.

A vital part of the ministry's program has been its ongoing effort to encourage the private sector to employ the handicapped. A program of contacting employers has been undertaken and advisory services provided in response to requests for information from employers. Our recognition of the employment potential of the handicapped and the problem of discrimination they face in attaining their goal of greater self-sufficiency, led us to introduce legislation which will, I hope, begin to address their problems.

The handicapped persons' rights bill which was introduced in the Legislature on November 22 has a two-pronged thrust: the prohibition of discrimination and the establishment of a centralized office to improve policy and program co-ordination and to provide information services. I am confident it will prove to be effective in assuring equal opportunity to handicapped citizens.

I have already referred to the creation of the Ontario Manpower Commission. It was established to address the evident imbalance between the skills available in our present Ontario labour force and the urgent needs of Ontario's industry. Its mandate is to develop and recommend to cabinet, through the Minister of Labour, manpower policies for

the province. Because we recognize the necessity for a co-ordinated approach, we have defined the commission's mandate as widely as possible to include job creation, adult occupational training, counselling and guidance, placement, mobility and labour market information.

Under the full-time chairmanship of Mr. Don Pollock, and with the valuable expertise of the part-time commissioners from labour, education and industry, the commission has already identified, in its first few months, some directions it believes we must take. These include: strengthening the co-ordinating mechanisms among all ministries involved in the field; encouraging a broader private-sector involvement in skill training; developing more effective linkages between educational institutions and the labour market.

I hope Mr. Pollock will have an opportunity later to provide you with some detail on the commission's activities. I would like to highlight just two projects which illustrate the several roles of the commission: information gathering and planning and co-ordination. I have tabled in the House the commission's survey of manpower requirements and recruiting practices in the manufacturing industry. It further confirms that there is, in our economy, a mismatch, between skills and jobs in some critical areas of the labour market, and clearly identifies training priorities.

We have been concerned for some time about some lack of co-ordination between the related programs and policies of the federal and provincial governments in the manpower field. So I was pleased when the commissioner recently informed me that the federal-provincial manpower needs committee established under the Adult Occupational Training Act has been restructured. An affirmative action subcommittee has been created and empowered to develop employment strategies for women, native people and the handicapped, with women's special needs as the first priority. The committee will review the current situation, identify targets and devise appropriate implementation strategies.

It is significant, I think, that women have been selected as the initial target group of the joint committee. It exhibits a joint federal-provincial determination to co-operate in dealing with the inequities faced by women in our labour force. The women's bureau of the ministry will have significant input into the activities of that federal-provincial subcommittee, while it continues to provide current and relevant advice and information to women and to employers.

The bureau's affirmative action consulting service has this year been able to draw upon the pooled expertise of the new Advisory Council on Equal Opportunities for Women. This joint labour-management group has provided practical support for the activities of the consulting service by participating in speaking engagements and engaging in other promotional activities with key labour and management groups.

The council's input resulted in the design of an appropriate questionnaire to help the service keep current with client activity on behalf of women employees. Members are currently considering ways in which management and labour might co-operate on a larger scale to encourage the adoption of affirmative action for women in the workplace.

In the next few months, the women's bureau will produce two important handbooks: Guidelines for Non-Sexist Job Evaluation, to help employers examine job evaluation systems for any inherent bias against women; and second, Women Working: A Blueprint for Employers, which will provide information and advice on all the major issues affecting women and will include a checklist to help employers determine whether their policies and practices are consistent with the goal of equal employment opportunity.

As well, the women's bureau has a special sensitivity to the problems of immigrant and native women which become particularly acute in periods of high unemployment. It is expanding its publication of employment information materials in foreign languages and Cree, and staff of the outreach programs are working closely with agencies that provide support and counselling to these client groups in their search for equality of access and opportunity.

The responsibility for the protection of equal opportunity in Ontario lies with the statutory provisions of the Ontario Human Rights Code, and the vigilance of the Ontario Human Rights Commission.

The commission continuously seeks equity for complainants and respondents in every case it investigates. The vast majority are settled through conciliation, largely due to the skill and tact of the commission staff. This year a three-member panel was instituted to review every such case before it is closed, to ensure that the proposed settlements are appropriate and fair.

There has been another recent refinement in administrative procedures. When complainants wish to pursue their cases and the minister, on the advice of the commission,

has recommended dismissal, both parties are given a written explanation for the decision to dismiss. The complainant is, at the same time, provided with the opportunity to make further representation to the commission.

I am satisfied that the commission's response to complaints has been successful, but we must now move beyond this and expand our educational and preventive programs as they apply to discrimination of every kind. I have recently appointed a dedicated and experienced human rights commissioner, Dr. Bhausaheb Ubale, to be Ontario's first race relations commissioner, thus reinforcing our commitment to overcome racial discrimination in this province.

Other appointments to the commission during this year have reinforced its ability to reflect the various elements of our community. I refer specifically to the appointment of Dr. Albin Jousse—whom I have known and respected for many years—former head of Lyndhurst Lodge and an internationally respected pioneer in providing services to the handicapped; Andrew Rickard, former chief of Grand Treaty Council No. 9, and Marie Marchand of North Bay.

I am troubled, as I know you are, by recent evidence of racist attitudes and behaviour. I welcome the opportunity to serve on the new cabinet committee on race relations with my colleagues, the Attorney General and Solicitor General (Mr. McMurdy) and the ministers of Culture and Recreation (Mr. Baetz) and Education (Miss Stephenson).

I would like to return now to the ministry's activities in the field of occupational health and safety, one of the major areas of priority over the past several years. Many of the activities this year have been aimed at developing the human resources and the administrative and regulatory framework of the occupational health and safety division to administer the new legislation which was proclaimed on October 1.

An early priority has been to acquire the expanded expertise that will be required to meet our obligations related to toxic substances in particular and health hazards generally. We have also been developing support systems in the form of regional teams and a centralized consulting and laboratory capacity.

Finally, we have prepared plans for the development of regulations and guidelines and we have to date produced and promulgated regulations within the mining, industrial and construction sectors. The processes we have instituted to develop regulations reflect the philosophy of the legislation itself.

We are proceeding with openness and continuous consultation with all affected parties. We recognize that this may delay the achievement of the end product in some cases. It may well take some time to develop a given regulation, allowing for adequate consultation and notice. But we are committed to the concept of joint responsibility for the implementation of our legislation, so we must make the development of regulations a joint exercise as well.

We also rely heavily on the advice of the Advisory Council on Occupational Health and Safety. The members represent a wide range of interests and backgrounds, and their perceptions of the positions adopted by interested parties are valuable to us. The council has provided advisory memoranda on a number of important issues and I turn to it for advice on many specific questions. For example, I recently asked it to form a task force to report on the effects of aluminum inhalation therapy.

In terms of specific regulations, those which will address the use of toxic substances are of considerable public interest, as you are well aware. Our projected program for the review and regulation of toxic substances includes a schedule covering the next four years. We recognize that other regulations may be required to facilitate the smooth implementation of the new legislation as it applies to some specific groups of workers.

We are aware of the unique nature of some occupations, and we are proceeding in the consultative fashion we have designed for toxic substances. In every case, discussions are being held with both labour and management representatives. We have so far met with representatives of the police associations, police commissions, firefighters' associations, teachers, administrators and boards of education, and the health-care sector.

While the development of regulations is a major ongoing activity of the occupational health and safety division, we have also made some progress in expanding our present services. Our new occupational health laboratory in Toronto is under construction and on schedule. We expect it to be operative early in 1981.

We have also expanded our consulting capacity. We have added four new medical consultants to our staff to audit individual work places at the request of employers or employees, or when the ministry, in its own inspection program, identifies a particular problem.

In recognition of the need of labour and management for a pool of individuals trained

in both the health-care and engineering aspects of occupational health and safety, this year we have approved grants from Provincial lottery funds to assist three innovative educational programs. These are an occupational health nursing program at Cambrian College in Sudbury, a hearing conservation and testing course in the health sciences division of Algonquin College in Ottawa, and an Ontario Federation of Labour training program which really trains trainers to carry the message to the community.

A year ago I was convinced that we had both the structures and the will to correct many inequities in our society and to develop more harmonious industrial relations. I still believe this, and I can point to progress in several areas over the past 12 months. But I accept the fact that it will take time, and that it will require skill and patience to find common ground on many issues.

I know that attitudes can't be altered in the short run. As I implied at the outset, I have sometimes been disheartened by the entrenchment of the traditional antagonisms of labour and management. I continue to be concerned about the fact that there is still not universal acceptance of organized labour as a legitimate part of the community. One cannot help being frustrated at times by the reluctance of some parts of the private sector to recognize the value of quality of working life and equal opportunity programs, and even of skill training. I am regularly encouraged by the positive attitudes displayed by both labour and management in the implementation of the Occupational Health and Safety Act and in the development of regulations. [8:45]

The growth of the preventive mediation program is a good omen, I think, and I become more optimistic when I consider the increasing number of joint labour-management bodies to which I referred in my introduction that provide support to so many of the ministry's programs. It is most gratifying when chief executive officers and the province's leading labour representatives can find common cause in this way.

On that note I would like to conclude my remarks and to offer the floor to my colleagues on the committee. You will know that there are a number of ministry programs that I have not been able to mention thus far this evening, and the staff and I look forward to discussing these with you in the hours ahead.

Mr. Van Horne: Mr. Chairman, just while we're gathering our thoughts after those words from the minister, I wonder if we could get an indication by show of hands how many of the people in the audience

tonight are not with your ministry. Recognizing Hugh and perhaps a few others with him, I would simply make the observation, before I begin a few comments on behalf of my party, that there is obvious safety in numbers reflected at the moment.

Hon. Mr. Elgie: I want to assure the labour critic that I would willingly give up seats to anyone else he has in mind to use them, if he has someone waiting in the hall. There's room galore for those who are waiting.

Mr. Van Horne: Your staff is anxious to go home. I realize that, so let's get on with it.

Hon. Mr. Elgie: Anybody who's anxious to go home, raise his hand. John Scott.

Mr. Van Horne: Anyone anxious to miss his or her pay cheque next week?

Hon. Mr. Elgie: That's never been a threat I've had to use. Maybe that's been your experience.

Mr. Van Horne: Mr. Chairman, on behalf of my colleagues, Mr. Miller on my immediate right, the member for Haldimand-Norfolk, and Mr. Haggerty, the member for Erie, I would like to reply to your comments and also make a few observations.

In this, my first Labour estimates debate, I wish to serve notice that the issues and questions that will be raised and asked by me and my colleagues are built on the following philosophical and practical rationales.

First of all, the needs and rights of both labour and management must be served in the best possible way by the government process. Second, the government process must be fair and efficient. Third, the government process must be aware of and sympathetically fair to the rights of all groups within our society. By implication, of course, this suggests that the Ontario Human Rights Code must constantly be overseen with a view to updating and amending as need dictates to reflect these rights. Fourth, the government process must give every evidence of both cost and production efficiency. I say that in light of noting on page three that your complement has grown from 751 in 1975 to 1,272 in 1979.

Let me pause here, too. Although I offered in a degree of levity and jest the question, "How many are here from your ministry?" in fact you do have, as a minister and a government member, that facility of staff, that resource of staff which neither we nor the third party has. If at times we appear to be not well prepared in depth, you'll have to agree, I'm sure, that we are using the only

resource that we have, and that is ourselves. We don't have speechwriters and researchers in the same number as you.

Mr. Kennedy: Oh, you sure do.

Mr. Van Horne: Given also the tenure of our present government in Ontario, almost 37 consecutive years of rule by one party—

Hon. Mr. Elgie: If you want a speech written, just let me know. You have to take what's written, mind you.

Mr. Van Horne: As do you, and I'm not prepared to compromise myself.

Hon. Mr. Elgie: No, I never have.

Mr. G. I. Miller: The government has an army of them out there.

Mr. Van Horne: Given the tenure of the present government, in spite of the protestations of a handful from the far side, of almost 37 consecutive years of rule by one party, and the administrative inbreeding that goes with it—

Mr. W. Newman: We must be doing a good job, that's all I can say.

Mr. Van Horne: A little order, Mr. Chairman, please.

Mr. Chairman: Order.

Hon. Mr. Elgie: Don't be so provocative, Ron.

Mr. Van Horne: I would submit that all members of this committee must be doubly aware of the need for all of us as legislators to exercise critical examination in each ministry. Of course, I say that in absolute sincerity and suggest to you that we as elected people must be constantly aware of the dictates of the administrative staff. I say that in spite of Mr. Armstrong being relatively close to you at this time.

As we go through these votes in the next 22 or 23 hours of debate we will raise questions that are a concern to us in both our constituencies and the province in general. I would ask that the points we raise, be they big or small, be given your and your staff's immediate and sincere attention, and if possible, reply.

Also, as an aside, and not in deference necessarily to Mr. Peacock, I would ask that even though the Ontario Federation of Labour 1979 proposals are not directly addressed in the votes, nor were they in the minister's comments, the minister might, in the course of his replies or as we go through this debate, give some indication of the government's reaction to those 18 proposals in the OFL paper.

Let me give you now briefly, almost in point form, some of the concerns we have in

the vote areas as we go along so that you might note them. Again, I point out that we haven't the copies of this to hand to you, so you'll have to make your own notes or seek advice from Hansard, but these votes can be recorded now so that you and your staff may have adequate opportunity to prepare some replies.

First of all, in the speech from the throne on March 6 it was stated that the ministry would be renamed the Ministry of Labour and Manpower. Yet by and large the explanatory material and notes that we have seen from you regarding these estimates and about other matters consistently refers to "the Ontario Ministry of Labour." I would ask if this reversion to the old name is an indication of the low priority placed by you or your staff on manpower policy for the province.

Next, there are a number of barriers to labour market mobility in Canada, the best known of which is probably the way the construction industry is organized in Quebec to minimize the construction workers resident in Ontario. Have you been successful in resolving this or other barriers to labour market mobility, such as differing qualifications for tradesmen and professionals in various provinces?

Next, the Advisory Council on Occupational Health and Occupational Safety has submitted a memorandum to you with interim recommendations on manpower planning and funding guidelines for education and training programs in the occupational health and safety field. Are these available to members of the Legislature and the public, particularly in view of the statements by the assistant deputy minister of the occupational health and safety division that Ontario was sorely deficient in some of these areas?

Next, on different occasions—and I note your speech to the Association of Educational Administrative Officials on October 31 and your Labour Day speech, I believe it was, which was recorded in the paper of the Canadian Union of Public Employees—you have spoken of labour market information and the analysis unit in the employment opportunities and industrial standards unit. Further, since the need for career guidance has been recognized by the Ontario government since at least 1974, I would ask in what practical ways, if any, has the labour market information been made available for further career guidance and training decisions?

Also, the estimates suggest that although a few boards of conciliation have been appointed in recent years they remain useful tools to deal with disputes involving con-

tentious first agreements. Have there not been a number of situations involving first agreements which could be described as contentious in Ontario within the past year? In how many cases has the minister appointed a board of conciliation? Does the minister feel compulsory arbitration of contentious first agreements, as found in federal legislation and that of several other provinces, would be preferable?

Next, is it true that there is no legal requirement to fence a construction site in Ontario as reported by the Toronto Star on November 22, 1979 in connection with the death of 11-year-old Kevin Browne? Protection of workers from coke-oven emissions is obviously of critical importance in steel-making centres such as Hamilton and Sault Ste. Marie. Has the ministry established legal guidelines in this area, as has been done in the United States, or are you merely studying the subject?

I would note as an aside that on page 27 of your initial comments you suggest there is some study going on in aluminum inhalation therapy. Further to that, I would ask again if you have established guidelines in this area of protection of workers from coke oven emissions.

Next, the responsibility for co-ordinating response of the government of Ontario to nuclear reactor accidents appears to have been transferred from the Ministry of Labour to the Solicitor General. Why was this responsibility transferred?

Next, does the provincial government intend to introduce legislation to provide protection for unorganized workers and provincial jurisdiction against unjust dismissal as has been done at the federal level? I would refer you briefly to Wilfrid List's article in the Globe and Mail of June 25, 1979, if you wish to get a little followup on that. I'm sure your staff is well aware of that.

Does the ministry intend to introduce legislation protecting workers from constant electronic surveillance in the workplace as proposed by our leader, Stuart Smith, and sundry others last year during the Puretex dispute? I note at the same time as I ask that question there is a paper prepared by your research branch. Discussion paper 21, I believe, is the number of it. This topic is addressed but I don't find too many answers in that paper.

Next, the employment adjustment service is supposed to monitor layoffs and terminations in situations where 25 or more employees are involved. Could the minister provide a list of all such layoffs and terminations in Ontario in the last three years? Could the minister indicate which of these situations

involved unionized workers where the employer subsequently set up operations in other parts of Ontario or other jurisdictions, possibly with the intention of avoiding a collective agreement? This information would be very useful to employees experiencing plant closure, such as the Westinghouse people or the Square D people have experienced.

There is some evidence to suggest this kind of thing is happening. I would like, if it's at all possible, when you get to that in your response, to give special underlining to it because it ties in not only with your ministry but also the Ministry of Industry and Tourism.

If the estimates speak of attempts of the Ontario manpower co-ordinating committee to give direction to the activities of the market information, could you please elaborate on that for us? I would ask further, does this not suggest that the activities of this unit lack direction and have not shown any substantial results?

[9:00]

Further to that, our party has suggested on more than one occasion that at least some consideration could be given to the use of unemployment insurance funds to promote job creation. What are the federal guidelines for creating work through the use of unemployment funds which create difficulty for Ontario? In light of our having mentioned this before, have you pursued this and is there any discussion between you and the federal government on modifying these guidelines?

Without prolonging this too much further and without reference to specific votes, there are a few more topics on which I and the members of our party would like to seek some immediate attention from you and from your staff.

First of all, when will your government design and use an effective liaison process so that needless death and accidents can be reduced or eliminated? One has only to look at the senseless use of barely trained teenagers in the firefighting incident in Geraldton to see the need for all government agencies applying some basic rules of training and safety.

What action, if any, is the government planning to reduce friction on the picket line? Is it true you are prepared to introduce legislation to limit or preclude the use of illegal strikebreakers? Are you going to continue to use police personnel to resolve labour-management disputes? Have you addressed yourself to the need of wage protection for laid-off workers?

If your staff has not seen an article that appeared in my paper in September of this

year and in other papers across the province, I would remind you, if you need reminding, that bankruptcy legislation does not really provide any protection for employees. They are the first ones to get hit in the event of a company folding.

What changes, if any, are you planning in the workmen's compensation pension and disability benefits to bring benefits up to 1980 standards?

Finally, on the subject of tokenism, I would submit that although you make significant reference to women and the things you are planning to do for them in the workplace in Ontario, this government has done precious little to enhance or improve the lot of the female worker in the province. I would ask you, rather than giving us the words that you have here, to give us some specifics.

With those comments I will stop and say thank you for the opportunity to address these few remarks to you.

Mr. Chairman: Thank you. We will hear from Mr. Mackenzie who I believe is the critic for the third party.

Mr. Mackenzie: Mr. Chairman, we are going to show the videotape first, but I have comments to start out with.

Unlike the critic for the Liberal Party, we don't feel the least bit intimidated by the lack of 1,200 and some people on staff. If they are doing a job I have no objection to you having a hell of a lot more than that. I might have some question as to whether all of them are being most effectively used, given some of the problems in the province. But we feel we have got both the research, the talent and the personnel ourselves, with the assistance of some friends in the labour movement, to make the criticisms we want to make. We don't have any real concern about meeting with you without having the kind of backup staff you may have.

I cannot help but make one other comment. That is simply that page 30 of your opening statement is where we differ right off the bat. We don't start with an acceptance of the totally neutral role you seem to stress in the Ministry of Labour. We figure we have been behind the eight-ball in terms of working people and some of the plant problems for so damned long that we do need an advocate and we don't really see that in the ministry. I raised that with you a year ago and in the year prior to that. I find incredible your comment that you are concerned about the fact that there is still not universal acceptance of organized labour as a legitimate part of the community. I didn't really think you were that naive. There sure

as hell is not, in this day and age, a universal acceptance of organized labour, or anywhere near it. It sure as blazes does not have the same or equal strength as the management forces it is aimed against. I really think you are starting from a little way back with that kind of comment.

I would like to start with the videotape we have. I think in a low-key way it very graphically demonstrates exactly what workers in a number of plants around the province are feeling. While it centres on the Radio Shack situation, it deals with a number of the disputes that are troubling us in Ontario today.

With the permission of the committee, I would like to start playing this videotape.

Mr. Haggerty: Mr. Chairman, this is a new process that is taking place in committee. Just how long is this going to take?

Mr. Mackenzie: Fifteen minutes.

Mr. Chairman: Okay. The committee is agreed.

Mr. Haggerty: It has been censored, has it?

The committee watched an audio-visual presentation from 9:05 p.m. to 9:20 p.m.

Mr. Mackenzie: Mr. Chairman, I would like to continue, staying with Radio Shack for a minute. On October 31, the day one of my colleagues had to appear in court—I was up there as a witness—as a result of a disgraceful incident, and not on our part, on that picket line, we finished our session in the afternoon and went down to visit the three girls who were on that picket line at that particular time. We brought one of them back to the strike headquarters quite upset. She made the following statement to us and gave me the following leaflet:

"At about 1:30, Roy Murden came out of the driveway of Radio Shack at about 35 miles an hour. He then went across the road, turned the car around swiftly, came back past the parking lot, went back down the Radio Shack parking lot, swerved towards the picketers, who were then standing at the side of the driveway by the barrel"—this was the stove barrel—"then proceeded down the driveway, turned and came back up. He slowed down, stopped, rolled down his window, said, 'You like to walk in front of people's cars, do you?'" and then he thrust down this piece of paper at the feet of the three little girls.

It's an old piece out of a public relations sheet of the company, headed, "Timms Family Home Destroyed By Fire." I don't know where you'd ever nail anybody on something like that, but the message got through clearly to those three girls and one of them ended

up shaking when we took her back to the headquarters. That's just one more example of the kinds of intimidation and incidents that have been going on there.

I've always thought—I've used it and I realize my naivety—that what we say in the preamble of the Labour Relations Act meant something. That should be put on the record once again:

"Whereas it is in the public interest of the province of Ontario to further harmonious relations between employers and employees by encouraging the practice and procedure of collective bargaining between employers and trade unions as the freely designated representatives of employees."

In present-day Ontario, in the present atmosphere, that's becoming a joke, Mr. Minister, and as far as I'm concerned if there was ever an indictment of your ministry and of labour relations in Ontario we had a perfect example of it in what we saw in that film and what's going on. The length of time it's taken—and that kind of treatment of people trying to organize unions and achieve first contracts in Ontario is still going on—is a disgrace and it really is an indictment. As much as there are some interesting things in that statement of yours, as far as I am concerned it makes a bit of a mockery of the nice things you have to say about what's going on in Ontario.

What we really have in Ontario today is almost uncontrolled union bashing. That seems to be the order of the day in Ontario. It's worse than I've seen it for a number of years. A year ago we warned there were danger signals and we were worried about it. We raised it two years ago when the first symptoms of it started appearing in Ontario. We are raising it again, and, if anything, it's worse.

As far as I'm concerned it's difficult to understand the inability of the Ministry of Labour to bring a measure of justice to workers and their unions in the current open season by management. The minister may not agree, but fair men and women may be tempted to believe the minister and the ministry have simply adopted a policy of looking the other way in cases like this.

The minister will recall I raised this question a number of years ago. I said we had a master-servant board in Ontario and I maintain that, unfortunately, that seems to be what we still have.

Given the basic battles of recognition and the battles of union security that even the large unions are having to fight again, battles we fought—as has been mentioned in that videotape presentation—and won 20 or 30

years ago, and given the farce that exists in terms of controlling union-busting activities of the Flecks, the Radio Shacks, the Blue Crosses, the Butcher Engineerings, the Canadian Gypsiums—and I'm not sure if people will be unhappy to hear that one is probably down the drain and many of the workers with it—given the joke that the right to organize and bargain has become for small groups—like the Fuji Japanese Restaurant, which I've raised with you a number of times, Mr. Minister—where is the workers' protection in the Ministry of Labour in Ontario, and what in hell is the ministry all about?

J. D. Carrier can be a lousy minimum-wage-paying employer in Ontario and lousy in terms of labour relations. It puts down organizing attempts whenever they are attempted by workers and it puts out of business the plants it acquires that were organized; the only two the company purchased in recent years that did have unions. Even when it was belly up, even when the employees are on the streets and expendable, we have the Minister of Industry and Tourism (Mr. Grossman) defending the \$2 million loan we gave them just a little better than a year ago; not only defending the loan but apologizing for what happened, for the unexpected downturn in business.

I find even that a little bit fishy, because the boys in the garment trade and the shoe trade tell me that one of the brighter spots actually has been the shoe industry, with present tariff arrangements in the province. But the point is Industry and Tourism defending that loan. We seem to have some kind of a socialism in rich industrial handouts in this province that are becoming legendary and it seems to be for business.

As I said to you a year ago, business, industry and commerce all seem to have their friends at court or in the ministry, but where is the ministry that workers can turn to with any real degree of hope and trust when we have situations such as that going on in Ontario?

I think the situation cries out for a measure of redress. We are certainly seeing the exploitation of workers and their rights and it's being done in the interests of private enterprise. The comments of the Tandy Corporation and their proud boasts that they will never have a union are well known. There's sure as hell no concern with whether or not a decent wage is paid and whether or not the workers have the right to bargain in a province like Ontario.

We're certainly seeing, as far as I'm concerned—and I think it shows also in the

kinds of industrial grants that go out today—a right of capital and power over the rights of workers. That disturbs me, because maybe it's going to bring about some pretty fundamental changes in the kind of thinking that's necessary in the province, and I think all of us had hoped there could be an easier way to that kind of transition.

I'm not at all sure that industrial harmony in this province is possible without a smooth functioning economic system. I'm telling you right now that the current branch-plant economy and the resulting insecurity and unemployment create a serious economic crisis and turn our efforts from attaining higher standards of living or any kind of equality to one of doing our damndest to maintain what we've got.

I think this kind of situation tends to bring out the worst—in probably all segments of society—and certainly it breeds an atmosphere of cutback and curtailment, and we're seeing in Ontario an atmosphere of worker exploitation.

There are a couple of interesting comments here in the Ontario Federation of Labour submission, on pages five and six, and I think they are worth putting into the record:

"It has been said that the performance of the Canadian economy depends crucially on the smooth functioning of the industrial relations system. Perhaps it is also true that the smooth functioning of the industrial relations system is dependent on the performance of the Canadian economy.

"Ontario, once the industrial heartland of Canada, is in a period of stagnation in resource development, decline in primary manufacturing and serious weakness in processing and secondary manufacturing. Workers face intolerably high levels of unemployment, persistent inflation and a stagnant and depressed economy.

[9:30]

"In a supporting statement"—and I'm not reading it all; there are three or four paragraphs that I found significant—"the parallel but no less vital aspect of an industrial strategy—labour relations policy—was discussed, not so much from the point of view that stability of our collective bargaining system was obviously supportive of economic growth and economic justice, but that the current imbalance between management's rights and workers' needs will continue to frustrate the achievement of broad economic and social goals if it is not corrected.

"It is because of the hostility of Canadian employers to trade unionism that industrial conflict in Canada is so high."

As you are probably aware, Dr. George Sayers Bain, director of industrial relations research, University of Warwick, England, did a study—largely unreported—which indicated that the hostility of Canadian employers to trade unionism was responsible for the relatively high rate of industrial conflict in Canada.

Unions feel—and I can tell you this is factual—that it's an ongoing fight today to protect the limited and shaky rights they have fought so hard to win in this province. Having fought long and hard for things as basic as the checkoff—Ford 1945, Stelco 1946—why in blazes do we have to do it again at the Flecks, at the Radio Shacks, 33, 34, 35 years later; at Blue Cross, at Canadian Gypsum? What's wrong with an understanding, with legislation, that simply says that's past history. The right to organize has been established. Otherwise, what's in the Labour Relations Act preamble is a total farce.

It shouldn't require a fight to the death any longer to get union recognition and union security. It should be a common-sense issue. It might also be considered for once a recognition of the value and contribution of a worker in Ontario. I think they deserve that much, but there's not a real indication they're getting that much.

I think it might be useful to take a look for a minute also at point one, page 10 of the OFL brief: "Dues checkoffs must be granted with certification." We have gone after you on this, and I've done a little organizing myself in past years and I know how much protection we've got without that kind of checkoff. The dues checkoffs should be mandated instead of bargained about. "Requiring the union to bargain a Rand formula with an employer who has been confronted with a union for the first time often creates a confrontation that has a deleterious effect on the future relationships of the worker and management."

They go on with their arguments and I think their arguments are solid ones. But I just can't for the life of me understand why we haven't seen action on something that's causing us as much trouble as this is. The attempt to organize workers is not a damned bit easier today than it was 25 years ago. I think we are in a very bad period right now. If anything, management is more sophisticated and more determined than ever. What's worse, they are using the law to subvert the law.

They not only have the kind of management conferences that tell them how they can beat the union, they're using some of these creepy security firms, such as Cavalier

Security and Intelligence, and then teams of people who seem to have a quicker pipeline to police in pulling them down to a picket line than anybody I've ever seen. They just seem to have the means of taking on and doing their damndest to destroy an honest effort by workers to organize.

I think it's also useful to take a look at page seven of the OFL brief, paragraphs two and three; I thought they really put it in some perspective:

"This is the pattern that has emerged. Take a rigid position against the checkoff of union dues early in negotiations, offer all other terms of contract on a take-it-or-leave-it basis, and force a strike or lockout while continuing production with strikebreakers if necessary under police or private security guard protection."

And the next paragraph is interesting: "Thus the questions of recognition and bargaining rights are no longer necessarily determined by membership evidence before the board or by secret ballot vote of employees. The labour relations board confirmed that 117 of 134 eligible employees (87 per cent) had joined the UAW and granted automatic certification, yet Fleck held out bitterly against the minimum standard of union security, the Rand formula which provides for the checkoff of union dues from pay but does not require employees to join the union."

There are a number of other points, but I'm going to leave them here. There are a couple of paragraphs on page eight, and I would suggest to the minister that he take a good look at them, particularly the one that deals with some of the problems of the Boise Cascade situation, and I want to come back to that.

How do you account for the first-agreement strikes and management attitude and some of the tactics that are being used today? Do you not recognize that to appeal for assistance from the Ministry of Labour—except in situations that are clearly black-and-white in the legalistic sense—has become something of a joke to many of these trade unionists?

Just ask the workers in the following situations—one or two of these have been settled, but these were all current as of the OFL convention. One or two of them are also down the drain after the workers spent a hell of a long time trying to organize:

The Baraday Division, closed down; Great Lakes Rail, Thunder Bay—these are all first-agreement strikes in effect—Radio Shack, Barrie; Robert Michaud, Belleville; Sheffield Bronze Powder Company, Toronto; Polybottle, Toronto; town of Wasaga, where I

believe they've gone back to work with no agreement; Kitchener-Waterloo Ambulance, just settled finally; Rehau-Plastiks of Canada, Prescott; Canadian Gypsum, Hagersville—I've got a few things to say about that one going down the drain—Ontario Hospital Association, Blue Cross; Precision Spring of Canada, Amherstburg; M. Loeb Limited, Cash and Carry, Cornwall; Wilson Automotive, Belleville; West Roc Industries Limited, Blenheim Township, Kent; Fotomat Canada; Johanns Graphics Limited, Toronto; Robinson Cone, Hamilton; Butcher Engineering, Brampton.

The list goes on, and all over the same kind of a basic issue that should have been settled a hell of a lot of years ago.

We've talked to the workers where attempts are being made to organize them; workers such as those at York Steel—and I haven't had a progress report on that for a period of time, Mr. Minister, but I think—

Mr. Ziamba: Good news.

Mr. Mackenzie: Good news? I'm glad to hear it.

Mr. Ziamba: Now all they have to do is get their first contract.

Mr. Mackenzie: That's right.

A security firm fingered the people who were arrested first—and the charges in almost every case were petty trespass. These are people who are not even organized yet—trying to distribute leaflets just inside, off the sidewalk of the company property. After the head of Cavalier Security and Intelligence points out the ones who are handing out the leaflets, a number of people are picked up on petty trespassing charges by the police. The company sends out letters—I've shown some of these to you in the House, Mr. Minister to "Our Boys at York Steel." There was a notice stapled on to the punch cards when the workers go in to work:

"Attention: York Steel Employees.

"Some outsiders want to organize you by promises that can never be fulfilled by them. All they need from you is the union dues; that is your dollars earned at York Steel. Remember your bread and butter is York Steel, not the union"—and "Union" is capitalized and underlined.

"So do not sign any card given to you regardless of the promises, as there is no law telling you that you must. Our relations with the management are excellent; do not spoil them. Increases in wages are due in January as stated in the safety bulletin."

I don't know who they're referring to when they say "our relations with the management" because it was management that put the god-

dam notice up where you punch in in the plant.

Mr. M. Davidson: The assistant manager.

Mr. Mackenzie: I won't try to read some of the things that were in the letter. I've shown it to you, but the union campaign "is based on lies and name-calling"; the "union lies when they suggest they only need a few cards." In fact, at that point they only did need a few cards.

But if ever there was outright and rotten anti-union activities, you have it there as well. I have raised this with you in the House; I haven't received a response; I realize you've been busy. But it's really only symptomatic of what's going on generally.

I'm wondering either if the minister would like to comment on the bargaining-in-good-faith aspects of the Fuji restaurant, or if he might like to have some idea of the perception of the handful of new Canadians, most of them Japanese girls, who are involved in that strike.

Earlier I read into the record the preamble of the Labour Relations Act, but I could have waited. We had a couple of pretty intelligent young people in that group. They finally realized they were being exploited and wanted to know just what the Labour Relations Act in Ontario meant and just what kind of protection they had. The minister knows as well as I do some of the history of that. We were long enough getting organized and there were only 17 workers to start with. We're sure as hell had one rough time trying to come up with any kind of settlement.

Some of the top labour lawyers—or anti-labour lawyers might be a better expression—in the province have been working on behalf of management. They've spent a hell of a lot more than they would ever have had to pay for a decent contract in that little restaurant. We've had a gutsy group of eight or nine waitresses who have held out—until a week ago anyhow. We've had management carve off the cooks in the place by giving as much as \$300 a month plus out of the girls' tips as part of the wages they used to help pay for the cooks in that operation. Management convinced at least one or two of them who were on one-year work permits that they shouldn't be involved in the union. They split and divide and you come down to the wire where you may need a strike to even try to get a contract in a situation like that.

It's eight or nine little girls, who have had a pretty rough time making the decision that they needed the coverage and protection to begin with, up against—it seems—management, lawyers and a totally insensitive labour

relations board. The girls have found the board insensitive when it came to any appeals to it, asking it if management could continue doing this or "will you look at the one issue of tips that's really fouling up the whole question of us being able to organize?"

I don't know how you can respond to these, Mr. Minister. Perhaps I hear some gloating about the situation at Canadian Gypsum. There have been many attempts to organize; more than four that I know of. Only three succeeded in that plant. One achieved agreement in its efforts to organize, but it did not include the checkoff or union security and that agreement didn't last past the first agreement.

This past year the Steelworkers union signed 206 of some 235 employees in that mining and milling operation. They were unable to get a contract and the main stumbling block, once again, was the checkoff. In spite of a 97 per cent vote favouring a legal strike, there was trouble with company security from day one. The company continually phoned and cajoled the workers. You should listen to some of the conversations they had on the phone, offering promises that things would be better. They certainly went after them but it was a little more low-key approach most of the time in that operation.

Then there was the case of the six miners who were discharged, a severe penalty considering the circumstances and the atmosphere. The situation deteriorated even further. That was one of the things that really bothered the people in the unit, the fact that the six people were fired.

That union has gone down the drain, Mr. Minister. You have probably already had a report on the last night—the anger and destruction on both sides was pretty sad. When you get axes used to break up a headquarters and when you get beatings—and they happened on both sides—it's a pretty sad commentary on labour relations in the province.

I might also say in passing—we'll get into it under the later reports—I read carefully about the efforts to put the other side of the case of the six fired miners, and I'm not very impressed at all with the case put forth by K. C. Lounds, the employment standards branch officer. I'm not sure anybody at all can make a case for the severity of the penalty in the discharge of the six miners.

I read the judgement, and one little sentence alone ticked me off as soon as I read it. That's where he was stressing the workers' loyalty to their employer. They may have an obligation to their employer but they don't necessarily have a matter of loyalty. I may

be wrong in my perceptions, but it sure as hell triggered to me a bias that the officer had.

Another case in point is Westinghouse in Hamilton. For a long while it was the union or some of the New Democratic Party members arguing that the company was deliberately trying to move and decentralize, not only to get cheap labour and save money, but to avoid or run away from the union. We got short shrift from just about everybody in the ministry on that and everybody in the government. We asked questions on that one also in the House. Even a company memo didn't seem to be accepted, although it did seem to disconcert the Premier (Mr. Davis) momentarily when it was raised in the House.

However, we finally got an admission from the company officials that there was an honest and serious effort to get away from the union. I can't help but refer to the article—Wednesday, October 24, the Hamilton Spectator: "Westinghouse Admits Trying To Shake Union." You should read that piece. But though we got that kind of an admission from the company officials, what happens with the ministry? A great big nothing, Mr. Minister. The company's right to run their business, regardless of the consequences to the employees or the community, is not only upheld, but is helped along with more of your government's financial handouts.

I won't take the time or the trouble to read them tonight or go into the announcement of the grants for the opening of the new plant in Renfrew and some of the other operations that are going on. The Westinghouse workers are getting a raw deal. They are getting no protection whatsoever, and a hell of a lot of seniority and years of service of an awful lot of them in the switchgear division is going to go down the drain.

[9:45]

I would like to ask you seriously if this total rejection of workers' arguments and workers' attempts to protect hard-won gains and security of tenure does not really cause you some concern. Are you, with all your good intentions, and are some of the senior staff members in your ministry—and I'm trying to be as strong as I can without being nasty; the intent is not to be nasty—including those who are supposed to know something about the thinking and the background of workers, becoming so fat and so content and so establishment oriented that defending sell-outs of workers has more validity than speaking up and taking a stand on things we have raised here today?

I am asking that in dead seriousness of you and your ministry. I have a hell of a time knowing who to trust with a serious argument when we run into the exploitation that is going on. I want to tell you that justice sure seems to be a one-way street and that street is not on the workers' side of town. Where is the movement some of us might have hoped for in terms of adjustments in the minimum wage? Is there any movement on adjustments in the minimum wage or is that also a laugh as far as this ministry is concerned?

I say that because we cut social security programs, we don't provide day care, we cut unemployment insurance benefits—that may be a federal matter—we make it difficult for citizens' action groups to find employment for those with problems due to lack of funding, and we don't create nearly enough new jobs in the province. Basic food, heating and housing costs, to say nothing of transportation, continue to go up, and yet we get no relief for the growing number of citizens who are on the minimum wage or damn little more in this province. If you are convinced that one of the answers is not to be found in increasing the minimum wage, we might at least argue against kicking those who seem to be down.

While you are at it you might also look at the increasing number of employees, particularly in the retail trade section, who are going on short work weeks where they get kicked twice: low wages and short hours of work. In dealing with the issue of minimum wages and other exploitative practices, I would like to know what monitoring, if any, is done by your ministry, or if, once again, only a real complaint brings even a look-see from the Ontario Ministry of Labour. I guess my naivety shows a little bit when I keep speaking in terms of the ministry siding with workers, but hope does spring eternal.

Just as an aside, we asked you during the estimates last year—it's on page 1275—whether the minimum wage studies that you had done would be made available. You said "No." I would like to know if your answer is the same on that today, because we would sure like to see those studies.

I want to outline a couple more of the rather sleazy practices which are becoming commonplace in Ontario today in terms of employees, young employees in particular. Let me tell you a couple of recent cases that I have talked to. One concerns a young lady employed at Fotomat, in her first job. What an exposure to labour justice in Ontario. She started in June. She was promised that at the

end of a three-month probationary period she would get a 15-cent increase. She is on the minimum wage, mind you, but she was promised she would get a 15-cent increase at the end of three months.

The minimum wage, as you know, went up September 1 and she was promptly told that was her increase and she could forget about anything else. That happened to the rest of the employees I have talked to at that Fotomat operation. The same thing will happen again January 1. I suppose if there was any chance of getting that 15-cent increase it's out the window because there just might be another adjustment. I am wondering what the minister's reaction is to these kinds of cheap, exploitative measures when they are used against young people entering the job market in Ontario?

Then there is the Ponderosa restaurants situation. They have a number of cute gimmicks in that operation. They have the young workers come in at 5 p.m. and work until 8:45 p.m. You should read—it's really interesting—the brochure on this great company to work for. I think there are three pages on a bit of background of the company, and five pages telling you what the regulations are, what you can't do and how they can punish you. I am quite willing to have you take a look at it. I found it disgusting.

The workers come in at 5 p.m. and work to 8:45 p.m. so that is under four hours and the employers don't have to give them a break, which is one of the things they boast about: if they work four hours they have to give them a break. So what happens? Day in and day out young employees are approached by their supervisor at 8:45 and asked, "Could you work just another 15 or 20 minutes?" Most of them do. Jobs are not always that easy to come by for young people. So, in effect, they put in the four hours, or four hours and five minutes, or four hours and 10 minutes, and they don't get the bloody break. It's a really cute trick. I'm wondering if that is an example of what we call private or free enterprise in Ontario.

That's only one of the sleazy tricks. Let me tell you another one. Sometimes they are asked to work from 4:30 p.m. to closing time at 10:30 p.m. This means they are supposed to get a meal. Once again, that's one of the company inducements. Incidentally, if they do get a meal it's the cheapest meal in the house. But to get that meal, even though they officially start to work at 4:30 and end at 10:30, which qualifies them for a meal, they have to come in at 4 p.m. and eat it before they start work, and make sure they

don't punch in until 4:30 after they have finished the meal.

To me, that is cheating them out of a half hour's wages right off the bat. It's another cute little dodge that we have going on. I'm wondering how much monitoring we are doing of these kinds of things.

Let's try another one at the same company. They put some of their employees on call on a certain day of the week. They stagger them so that various ones are on call for a Tuesday. They only get so many hours anyhow and most of them are looking for a bit of pocket money. Some of them need it even in terms of their education. They are also told, or it's pretty clearly intimated, that if they are not available should a call come in—and there is no guarantee it will—they can't expect to get called in too often over the next couple of weeks.

In effect, they are left there and they may never hear from the company, but if they are not at that phone, tough luck, and tough luck on the few nights they might have worked following that period of time. They sure as hell could have somebody sitting around all day Tuesday waiting for a call that might not come and there sure as blazes is no compensation for that time. How's that for another management guarantee of employment? What are we doing about tricks like that in the industry today?

What would the ministry's reaction be to these and some of the other gimmicks that we hear about regularly? How many are being reported? Would you do a damned thing about it if they were? Or could you do anything about it? Could we really expect assistance from the ministry? I don't think there is any real sense—it certainly didn't come from two of the young employees I talked to in the Fotomat and Ponderosa situations—that they would get any assistance from the ministry.

Once again, do you ever think of your ministry as an advocate for people such as I have mentioned? Why does it seem to be such a far-out position to be taken by the ministry as an advocate for working people in this province? What are students and young workers, in cases such as I have mentioned, going to perceive of the Ministry of Labour in Ontario?

Another matter that really concerns me, and it's a question we raised seriously, is the workers' right to strike during the life of an agreement. The situation at Westinghouse, where a large number will be affected by the move, is a case in point. I quote from the minister's comments of November 22, 1978, on page R-1228 of Hansard: "Mr. Mackenzie

then made some remarks about technological change and workers' rights, including the right to strike during the life of a contract.

"Naturally, we all share concerns when technological change does change the work environment. Surely that's one of the roles of preventive mediation. As to strikes during the life of an agreement, I think that's a little bit beyond my ability at the moment to discuss in any detail, except that in the past a contract has been a binding agreement for a period of time specified in the act. To change that would require a fair amount of consideration. I'm not saying I'm not willing to look at it, but it isn't something that's immediately an option under existing legislation."

If you are not looking at it you should be, because workers are being affected by plant moves and technological changes and it's going to become a very serious problem in terms of collective bargaining over the next two or three years, and I think it may spill out beyond just the collective bargaining field. I would like to know what you are doing to rectify it, or whether you have taken a look at it since we raised it in the estimates a year ago?

The Ontario Federation of Labour brief deals very well with the need for the right to strike during the life of an agreement in specific circumstances, and I think it's specific enough. I want to mention recommendation 12 on page 15 of the brief: "The legislative ban on strikes during the life of a collective agreement should be repealed.

"The labour relations legislation binds us to a no-strike pledge during the term of a collective agreement. Management is allowed to make changes during the term of an agreement that affect the working conditions and the jobs of workers. Quite often management knows they are going to make the changes without informing the union at the time of the signing of the contract." There is a clear indication of that in the Westinghouse case, and Boise Cascade is another beautiful example of it.

"When work is changed or employment disrupted, whether it is due to technological change, environmental considerations or plant shutdown for whatever reason, management should be required to negotiate these matters with the representatives of the workers who should have the right to reopen the contract and strike as a final determination of the issue.

"The provisions of the United States National Labor Relations Act differ from the Ontario act. There is no statutory requirement under the NLRA that collective agreements contain a no-strike clause. This must

be negotiated by the parties. Further, the statutory duty to bargain is an ongoing obligation which, with respect to matters not covered by an agreement, extends into the term of a signed contract.

"A significant point to be emphasized is that the removal of the statutory strike bar does not mean that work stoppages will occur with every disagreement during the term of a collective agreement. Trade unions are no more desirous of continual industrial disruption than management. On the contrary, American experience would indicate that in the vast percentage of cases labour and management negotiate no-strike clauses precisely similar to that now imposed by statute in Ontario.

"But the option of designing such clauses to reflect the individual needs of a plant or industry remains open to those who see the value of same. The unfair advantage of the no-strike clause now provided by Ontario legislation remains to be purchased from labour by management. Furthermore, the entire process of no-strike commitments and collective bargaining is legitimized by the participation of labour in its design. By removing unfair and unnecessary restrictions from labour, it would reinvigorate the collective bargaining process and make it respond freely to problems caused by rapid technological change."

I would be quite willing to do away with all legislation, a point you raised, with both sides wanting legislation for specific areas, if we were bargaining from a point of equality and if a number of things, like the misuse of our police forces to load the dice in a situation on the side of management, and a number of other things were not there. Let me tell you, labour is not bargaining now from a position of equality in any way, shape or form, and there is nobody involved in the labour movement who believes it is.

Dealing briefly with the use of police forces, this continues to be a major burr and a growing burr under the saddle of workers in Ontario. You did not really deal with it on page R-1230 of the estimates last year when we asked you about the large numbers involved at the Fleck situation. To this day, I don't know how anybody can justify four separate days when there were in excess of 500 police officers on or near the scene; 523 on one day, 494 of whom were billeted overnight between London and Centralia. As near as I can figure, there were some \$2 million involved in that. I don't know if the biggest crowd on that picket line exceeded 350 people, and that was on a rare day with outside people involved.

You tell me where the justice is in that, and the phalanx of police, as we saw in that film we used tonight, marching up to that line; where the justice is in better than 200 officers on the scene at Boise Cascade; where the justice is in having 102 officers—the largest number we've counted—at Radio Shack, both local and OPP officers.

Let me tell you, I don't know of a single trade unionist in Ontario who feels that the officers in any strike situation, or any potential strike situation, are there to help them one damned bit, or to bring any kind of equality into that situation. I don't know of one. This misuse of the police force is a continuum—Butcher, Radio Shack, Canadian Gypsum—and we are going to deal during these estimates with the even more insidious ways the police were used in the Boise Cascade situation. Some new information has come to light that I know my colleague Jim Foulds and some others will have, which really shakes you to your boots when you realize some of the things that went on in the home searches and the use of the police out in the camps and so on, in that particular dispute.

In every single case they are not seen as being there strictly to keep law and order. They are not seen as being there to remain neutral. In every single case they become the enemy. I would have expected you, as Minister of Labour, and your ministry to stand up and shout about the injustice of this. Yes, I think that was a responsibility of yours and I don't see any sign of it. I think you are doing a lot of things, but when your staff and yourself and your ministry don't take a hand in something as totally unfair as this, and with the actions of the police and the perceptions of the workers being what they are, your ministry's role in this despicable chapter of labour relations in Ontario is a total cop-out. It is either that or deliberate connivance with the misuse of the police in the labour situation. I am not quite prepared to say that that is the situation yet.

[10:00]

I found the comments of the Solicitor General (Mr. McMurtry), and I won't go into them here tonight because he is not here, rather asinine—the total crock of nonsense, the argument he used with some of the information and some of the particular situations we have had.

It is very interesting to get into the case of Judy Harvie. We have had some additional information on that. I like the picture of her, all 105 pounds and four feet 11 inches of her, who assaulted this 210-pound, six-foot-three policeman at Boise Cascade. There

are other activities they can tell you about. To hear the stupid and biased remarks that were made, it is not a crock of nonsense of what has been going on. The remarks of the minister were a crock of you know what and that is exactly what is there.

Really what bothers me also, and this should be made very clear, is the question of whether there is any concern. Have we reached such a hard-line confrontation position, such a total lack of sensitivity to what workers are going through? It is not easy—I have done it; I have organized and done it myself—to go out on a first strike. I know what they are going through. Have we become so cold to that, that we do not understand the additional damage it is doing in Ontario, and that is the perception of the law in this province? You are doing it, and you saw an instance of that in the videotape when that little girl said, “We like to think of them as our friends. We like to tell our kids they are our friends, but my perception of the finest in this city has sure as hell changed.”

That is happening in all too many cases around Ontario. That does sincerely worry me. I think we are asking for it, and I think that by muzzling the boss man in this province by at least the Ministry of Labour standing up and saying, “What is going on is not right, is not just,” and instituting a little more measure of balance in police activities is-à-vis workers and legitimate strike situation would do a hell of a lot to calm down the situation and stop, before it goes any further, what is potentially a very serious problem in Ontario.

I want to deal for just a minute or two with the question of domestic workers. The minister is well aware of Bill 136 which was recently debated in the House. My colleague, Brian Charlton, brought in a bill that simply asked for the basic protection given by the employment standards. As I have tried to say a number of times, there is no great ideological issue at stake in that, or at least so I thought. It is a common-sense bill designed to provide several thousand workers with the very minimum coverage and with the right of appeal, neither of which they enjoy at present in any meaningful way in this particular province.

It was a disgrace, in my opinion, when the government stood 20 members to deny that basic justice. I suppose it could be killed guts—if I remember correctly you were one of them in the House that night—and maybe it was, considering the position of our party. I am telling you, I would have spoken with my party as labour critic rather

than stand to see a bill like that blocked in the House. Let me tell you that the speeches delivered by your colleagues, Mr. Hennessy and Mr. Ramsay, were incredible throwbacks to Neanderthal times. It was also obvious they were reading speeches prepared by somebody else. I would really like to know if that is so, and I sincerely hope they didn't come from anybody in your ministry, because if they did, that would also be a disgrace in terms of the preparation of their speeches.

Better than I was going to say it or could try to say it here, the article that appeared in the Windsor Star and has appeared since in a number of other papers I think states it beautifully. I would like to read that brief piece into the record, Mr. Chairman.

“Serfdom lives on in Tory Ontario. Rarely has the Conservative Party in Ontario looked more like the champion of the overdog and the supporter of the privileged minority than in the opening day of the current Legislature. The Tories may have varnished an egalitarian veneer over the past few years as keepers of the province of opportunity, but the mask slipped badly as the party showed a quite remarkable allegiance to sentiments which should have passed with the Family Compact. The Conservatives ganged up on and soundly defeated a private member's bill that would have badly hampered one of the last domains of the affluent, their servants.

“NDPer Brian Charlton sponsored a bill that would have made it mandatory to pay domestics the minimum wage. Domestics are the workers, mostly immigrant women, who clean, cook, garden and do windows in the homes of those without the time or inclination to do it for themselves. They are the live-ins, usually on temporary work permits, who clock up to 80 hours a week for wages as low as \$50 a week. Charlton's bill would have provided domestics with a minimum of \$3 an hour and some protection as workers.

“Under current provincial labour laws, domestic workers are not included in human rights legislation and are not eligible for workers' compensation, are entitled to no minimum wage and no overtime or vacation pay. They are excluded. In short, compared to most workers, Ontario's 75,000 domestics are the modern-day equivalent of slaves. Because of their temporary-work-permit status, many are afraid to report abuses for fear of losing their jobs and the right to remain in the country.

“The Liberals joined the NDP in supporting the bill, but on second reading the Conservatives rallied their support and killed

it. Incredibly, the Tory argument against the legislation took the tack that raising wages would make domestics too expensive for many families. PC back-bencher R. H. Ramsay led the lament, arguing that increased wages would mean that many households would no longer be able to afford to hire people to help with the cleaning, the gardening and look after the elderly and infirm."

Mr. Wildman: And he is from a labour town.

Mr. Mackenzie: "According to this argument it sounds as if domestics are nearly as essential to Ontario householders as heat and light and every effort should be made to maintain them. It is quite incredible that in 1979 in a province that can boast one of the highest living standards in the world, a freely elected government has the audacity to condone and indeed support a practice that is little more than shoddy exploitation."

That didn't come from a New Democrat. It is one of the few damned good editorials I have seen and I am glad it is being picked up by a number of papers around the province.

Mr. Riddell: The Tories are on their last legs federally and provincially.

Mr. W. Newman: You'd better be quiet.

Mr. Riddell: They are done. They are all done. You know that as well, Billy. You don't need to worry, you're not going to run anyway; but what about your colleagues?

Mr. W. Newman: If I was running against you I would.

Mr. Riddell: They are all through too. The Tories are all done.

Mr. Mackenzie: The argument I also heard one of your colleagues make in that speech, that if we covered them under employment standards it might destroy meaningful personal relationships, is enough to make somebody want to throw up. That was the kind of position that was taken by your government and I really do not know where your ministry was.

I was disturbed to see the piece in the Monday, December 3, edition of the *Globe and Mail* dealing with the plight of domestics. I was not disturbed by the federal minister, Atkey, feeling the heat and trying to do something about the situation; I don't expect him to, but at least it is good copy. As to his hopes that recent consultations will lead to some agreement being achieved with yourself in the ministry of Ontario, the jurisdiction at least in terms of coverage under employment standards is yours, Mr. Minister, and you should be taking the lead

and not having the federal minister coming to you and saying, "There is obviously a problem here. What are you doing?" You should have been leading the way on that a long time ago. The federal efforts do not mean a damned thing as long as the jurisdiction is Ontario's and as long as coverage under employment standards is not solved.

The articles themselves are very interesting, incidentally. How many times do we have to continue to document injustices such as these to get any action? Why in God's name are you sacrificing minimum standards for some of the most needy simply to promote the mobility, earning capacity and personal pleasure and affluence of by and large the wealthy in Ontario?

I intend to deal only briefly with the human rights issue in this opening statement, as my colleague, Ted Bounsall, will cover it more fully. I don't know whether it will be under this main ministry vote when we get into the debate on it a little later or whether it comes under another vote, but suffice it to say you have done a disservice to all of the handicapped, be they blind, deaf, epileptics or wheelchair victims. You have copped out in terms of the study on Life Together and have created a modified apartheid ghetto in Ontario if that bill went ahead. Its only redeeming feature is that it is supposed to be equal even though separate.

That is not the way it is perceived by most of the handicapped groups in the province. There are more unanswered questions than there are answers and it appears that the fear of a sexual orientation issue has blinded you to the deep hopes and aspirations. Let me tell you, there were deep hopes and aspirations of these people that they were going to have some measure of justice and some answers dealing with their problems.

I remind you of the number of cases we raised, epileptics being just one of them, with which I still have problems in my particular office. I suspect that the very people for whom this legislation was needed are going to reject it totally out of hand. Certainly I can tell you right now that I can see nothing useful in the legislation whatsoever and the sooner you withdraw it and come in with the proper amendments to the Ontario Human Rights Code the better. There is just no question on that whatsoever, Mr. Chairman.

If you don't act, and act damned quickly, I think this is just going to be one more group that this government has deserted and turned off. I am not sure how you figure out the various groups when we get lousy legislation like this, or whether you figure they

are expendable or don't have enough sense to organize properly and vote politically or what and so you can afford to sacrifice them in hopes of getting some good press out of what appears to be a move to help handicapped people when the damned bill doesn't do a thing for them. I really have difficulty in understanding the thought processes and the planning processes that your ministry goes through.

I don't know why something as important as that couldn't have been discussed with the umbrella groups and half a dozen of the groups as soon as you prepared it, before you ever brought it into the House. I suspect you wouldn't have brought it into the House if you had done that, but somebody sure as hell was sleeping at the switch in your ministry.

By the way, just as a sidelight: first, are you really proud of the bill and your staff; and second, is it true that the affirmative action group for handicapped within your department or within the ministry will be disbanded or moved to other responsibilities, what little we had there? Let me tell you, that has already been whispered to us and it has sure as hell raised some concern.

I am pleased that Bill 70 is finally in the books. The bill and working copies of the regulations have sure as hell taken some time. It is also not one of the issues I intend to take a lot of time with during my opening remarks, but there are a couple of points that beg answers and you dealt with to some extent in your opening statement.

What is going on in the pretesting of new chemicals and why are we waiting so damned long to set standards in the number of toxic substances that we already recognize as dangerous? We have raised this matter with you a number of times and we are still waiting. Surely you don't need to lag so far behind. We do not as yet, to the best of my knowledge, have a single standard set.

Furthermore, we have made the argument for a long time that guidelines will not suffice and are not acceptable. They are not worth the paper they are written on and that is one observation that has been learned and verified the hard way by most workers.

A specific example I want to raise in the safety and health field is the question of coke-oven emission standards. I have yet to get a single solid and reasonable answer to the question why we do not have in Ontario at least the equivalent of the US coke-oven emission standards, which were set over three years ago and have gone through, as you know, a number of court challenges. What in blazes is the ministry afraid of? It is not

only Local 1005 of the United Steelworkers of America that is concerned; coke-oven workers right across Ontario are concerned with this particular issue.

I had a piece from the Sault Ste. Marie Daily Star just the other day, which I seem to have mislaid, that clearly backed the arguments I have made over the need for the standards, that they should have been set by now, that the position of the ministry just was not acceptable to them in terms of the time they have been waiting and the problems with coke-oven workers. I cannot for the life of me understand why as an interim step, at least, we have not adopted the coke-oven emission standards that were set in the United States. A hell of a lot of their steel mills were older and in a lot worse shape than ours are. Are we so damned afraid of the power of the steel mills or the steel companies as to what it might or might not cost them that we are afraid to move in terms of protecting workers with the emission standards? This is something on which it is just very difficult to understand the delay.

Where also is the benefit of the doubt in terms of lung cancer among Algoma workers? I am talking now about the foundry workers. We have recognized the facts of the case and have established the claims of the workers at Dofasco. Why are we playing with workers and their families and their emotions and their very lives by ignoring the obvious? Just because you cannot verify 1,000 per cent of the actual cancer-causing agent in the foundry, if there is any justice, the comparable work-place situation, the worker exposure should entitle the foundry victim of lung cancer to the benefit of the doubt. We should not be waiting in the case of the Sault cases whatsoever. You just cannot support the kind of delay we have had there.

I would like to know, in addition, what you are doing about the WCB. There were strong rumours a year and a half ago, even sort of veiled comments from the minister, that we needed to do some things, maybe even needed a little house-cleaning at the board. Are we to assume you figure everything is hunky-dory now and were your misgivings just a momentary lapse of worker compassion? Let me tell you, we sure as blazes haven't solved the problems there. I commend to you, if your staff hasn't already brought it to your attention, the specific paper from the recent Ontario Federation of Labour convention on the Workmen's Compensation Board. I won't go into it now—we may deal with it at another time—but it makes a hell of a lot of very good recommendations.

[10:15]

A year ago we spent some time discussing the lack of equality in employment and pay for women. The merits of affirmative action programs were also discussed as I recall it. Except for the bill of my colleague, Ted Bounsall, for equal pay for work of equal value—a good bill which should be passed—other than words what real progress has been made? For example, a year ago I asked what studies or research had we done on the wage gap between men and women. The answer seemed to be that we had not undertaken specific studies—we had some information which sort of fluctuated but no basic change. Are we any better in form today, one year later? I think we could refer to page R-1266 where we had some discussions on that in the estimates of last year.

What single piece of legislation has your ministry passed and what real progress can be reported on behalf of female employees? I wasn't impressed with the fact that we have had some of them making speeches. That is great, but it sure as hell is not resolving the problem.

It seems to me that once again the only real action is going on outside—such as a move by the United Steelworkers' Local 1005 in Hamilton to open up opportunities for women. That is an initiative; it is going to be a tough one; it is going to be a tough one even internally; but it was a very positive move and one that was long overdue. If we consider that most domestic workers are women, we can say the ministry is party to yet another scuppering of women's opportunities. It is not extending the pay and the rights of women.

Let me go back for one second and give you a paragraph or two from a piece in the Sault Star because I think it is apropos: "Dennis Abernat, chairman of compensation of Local 2251, United Steelworkers of America, agrees with the report that the government is risking the health of 2,000 Ontario workers by dragging its feet in setting standards for coke oven emission. The claim was made by Bob Mackenzie who recently told the Legislature that Premier William Davis said standards for coke oven emissions at Ontario steel mills would be released by the end of the summer." You are as aware of his letter as I am, Mr. Minister. "Local 2251 is still pressuring the government into setting the standards and will continue until they have done so."

I won't go on with any more of this but it is something you should be taking a look at and getting some of the perception of the workers right across this province.

Dealing also with women's rights, I cannot leave the subject without reading into the record one short page—I think it is a very significant one—from a speech made recently by Jerry Docquier, the national director of the Steelworkers, that deals with women's issues. There are a couple of figures in it that I think are worth having on the record as well. He says, "I am convinced that affirmative action is urgently required."

Mary Eady of the women's bureau of the Canadian Labour Congress has said why in this terse quotation I want to read to you. It is the quotation I think that is interesting. "Almost every other woman in Canada between the ages of 15 and 65 is in some form of paid employment. Their wages, however, are on an average only 53 per cent of the men's for full-year full-time work. The wage gap is widening. Thus you can see that women are not paid on the basis of equal pay for work or equal value. In fact only with the union contract are they even assured of equal pay for equal work. Where women form the overwhelming majority in an occupation, the pay tends to be very low for the skills they bring to their jobs. It is not because the work is not essential or necessary. Often in professional categories with the same qualifications as men, pay for women tends to be lower. They are offered less and accept less."

"Women are beginning to wake up in terms of just how much political decisions by government affect their daily lives. While they are getting only 53 per cent of the earnings men get, they don't pay 53 per cent of skyrocketing prices. Lack of equality at the work place costs women a great deal of money."

I think that is well worth taking a look at in your ministry. Affirmative action must go hand in hand with equal pay for work of equal value. The Ontario government up until now has refused to enact such legislation. Right now there is a private member's bill introduced by my colleague, Ted Bounsall of the NDP, that is in committee. For God's sake, if we mean anything we say about equality let us move that bill.

I would also like to be hearing from you when and if we are going to see some initiative taken in ending the insidious practice of electronic surveillance of workers in the work place. The Liberal critic raised this point as well. You yourself have indicated, and it was raised a year ago, that you didn't particularly like the practice. Yet we've gone a year and we haven't seen a damned thing done. I don't see a heck of a lot in the way of recommendations in the study paper you did. Is that

just another paper for the record, or is there a chance that we might see some action on it?

There are a number of other issues we're going to be raising in the course of the votes and the various ministry departments. I think I'd like to conclude my opening remarks with the observation that we have serious problems in terms of union recognition and first agreements. We have serious problems in the union security issue. We are not resolving the equality/equal pay issue with women. You have come up, in our opinion at least, with another disaster in terms of the handicapped.

We have an atmosphere around the province today that should scare the hell out of concerned and serious citizens. We have a union-bashing campaign on that's more severe than I've seen it probably back to my organizing days and maybe even before that, and we have sort of a plaintive plea from the minister in the final page of his statement—that's the best I can say for it, Mr. Minister, with all due respect—"I continue to be concerned about the fact there is still not universal acceptance of organized labour as a legitimate part of the community."

What I want to know is does that preamble of the Labour Relations Act in the province mean something or doesn't it? Right now the evidence certainly doesn't indicate there's a hell of a lot of meaning to it. I think there are a lot of serious questions you've got to answer, and I'm hoping we'll get some. I'm hoping also that we're going to see some willingness on the part of you as Minister of Labour to say, "Yes, there is a spokesman for the workers and the problems that are affecting workers in Ontario."

If you're going to try to play the honest broker role, you at very best would become neutral in an atmosphere in a cabinet that clearly is not very supportive of progressive or worker issues in the province. I don't think that's good enough. An advocate is needed. I don't know who else it can be but the Minister of Labour. But if he's not willing to do it, then we're really in for a fight over the next few years in Ontario in terms of workers' perception, plants, strategy, and the economy of the province.

That's not just somebody trying to create an issue; it is not just one person's concern. It's pretty damned widespread and it's a concern that should be bothering people much more than it seems to be within the Ministry of Labour in Ontario.

Mr. Chairman: Mr. Haggerty, did you want to respond?

Mr. Haggerty: Mr. Chairman, it being as late as it is, I think we should wait for the

minister to respond to the two critics. I think he'll have ample time with his staff to go through the comments of the two leadoff speakers. That normally is the procedure—that he replies.

Mr. Chairman: That's right, but I was wondering if you wanted to offer any criticism.

Mr. Haggerty: I think after he responds to the two critics—

Mr. Chairman: The reason I say it is because of the limited time. I'm sure he wouldn't cover much of it tonight.

Mr. Wildman: He's got five minutes to admit he's not doing enough, Mr. Chairman.

Hon. Mr. Elgie: I don't want to get into a private debate with somebody I have a certain amount of respect for, but I'd like to suggest there's been a fair amount of action in this ministry in the past 12 months. I say that with the greatest respect to you.

First of all, if I may, I'll direct my attention to some of the remarks of Mr. Van Horne. If I happen to overlook any points I'm sure that during the course of the next 20-odd hours as the respective divisions are dealt with you can jolt my memory and we can get on with them.

I was interested in your first comments about the number of staff here. I don't think you meant any criticism about that, because I think it's a reflection of the interest the staff has in the ministry. I would say the staff of every division of this ministry is of significantly high calibre. I don't know any of them who don't work their hardest above and beyond what one might call their duty to achieve all the goals they have legislative responsibility for. I don't think you meant to imply that.

I also don't want to suggest you don't have all of those resources available to you. You're free to come over to the ministry at any time, as you have with the manpower commissioner, to review in whatever detail you want the activities of that segment of the ministry. You may have any answers to any questions you might put and any discussion about the activities and the goals of the manpower commission.

I don't think there's any reluctance on the part of staff to review matters with you, should you feel the need for any greater detailed discussion of individual problems in individual divisions.

You did make reference under your broad headings to the role of the Ministry of Labour. One of them had to do with cost and product efficiency. You made reference to the increased staff and increased costs in 1979. I'm

sure you're well aware of the fact that part of that is due to the consolidation of occupational health and safety within one ministry. As you will recall, occupational health was distributed between the ministries of Natural Resources, Health and a very small part at that time in the Ministry of Labour. The incorporation and gathering together of all of that into one ministry, to provide what we think is a much more effective program, was carried out and accounts for a significant amount of that increase in staff and the increase in our budget.

The extended mandate that's been given to the occupational health and safety division also accounts for some of the increased cost. I hope when you made that remark you were taking those things into account. They formed the basis of that increase in both staff and cost.

You made reference to your hope that matters big and small would be given immediate attention and answered by the staff during the course of our discussions here. With the greatest of respect, I don't think there's been any hesitance or reluctance, either in the estimates debates or in private conversations, where you could ever find any unwillingness to give that kind of attention to large or small matters. Should you find that's ever so, I would appreciate hearing from you. It's not the kind of pattern of behaviour I've ever heard of. I have no reason to have anything but the greatest of respect for the ability and the desire to deal with all those problems. If you have a specific example you're referring to, please say so.

You made reference to the proposals of the federation of labour and the NDP critic also made more extensive reference to them. I don't propose at this time to go over each of the proposals, for as you well know policy matters will not come out of an estimates debate. I did give public comment again

indicating in the matter of union security that I saw a great deal of validity to that issue in the brief, and the Premier (Mr. Davis) has indicated, as have I, that it's a matter that's under consideration.

The other matters referred to in the brief naturally will also be reviewed, but I have publicly said, in the Legislature and outside, that issue is one that causes me a great deal of concern.

Mr. Van Horne: Excuse me, did I understand you correctly? You said "union security."

Hon. Mr. Elgie: Yes. I noticed in your comments—and I'm glad that you refer to it a little later on—that you made particular reference to first-agreement arbitration, but you did not comment on the issue of union security. May I assume that was an oversight and that when you review the question of first agreements you also meant the issue of union security was intimately tied into that matter? I would like to hear from you about that.

Mr. Van Horne: Of course, I would say yes, given the 30 seconds we have left, without elaborating on it. We'll let it go at that.

Hon. Mr. Elgie: You made comment about the issue of why the labour ministry has not been renamed the Ministry of Labour and Manpower. I don't think there's anything particularly obscure going on to evade that. The legislation actually is already drawn up and prepared. As you will note from your House leader, there are certain time constraints at the present time about introduction of such legislation. I have no reason to believe that it won't be introduced in the next session.

The chairman has indicated that the debate at this time will be adjourned, so, if I may, Mr. Chairman, I'll resume tomorrow.

The committee adjourned at 10:30 p.m.

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No. R-37

Legislature of Ontario Debates

Official Report (Hansard)

Resources Development Committee
Estimates, Ministry of Labour



Third Session, 31st Parliament
Wednesday, December 5, 1979

Speaker: Honourable John E. Stokes
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

WEDNESDAY, DECEMBER 5, 1979

The committee met at 10:10 a.m. in committee room 228.

After other business:

ESTIMATES, MINISTRY OF LABOUR (continued)

Mr. Chairman: I see all parties are represented.

Mr. Minister, you had started replying last night to some of the critics and we will allow you to continue.

Hon. Mr. Elgie: Mr. Chairman, as we concluded last night I had commenced my introductory response to some of the points raised by Mr. Van Horne

The next point he raised was the question of construction worker mobility in Canada, with specific reference to the lack of construction mobility vis-à-vis Quebec and Ontario.

I have had many meetings with the Minister of Labour and Manpower from Quebec, Dr. Johnson, and on each occasion I have to tell the member the position has changed. I'm sure he recalls the reasons that led to the Quebec legislation. The Cliche commission reported a great deal of violence, unrest and a variety of other problems in the construction industry. I appreciate that the Liberal government and the subsequent Parti Quebecois government decided to act on those recommendations because of particular problems they had and the desire they had to ensure employment for a core of construction workers.

The route they took, as the member may recall, was to divide the province up into regions and then to define workers as either A, B or C workers, depending upon the number of hours they had worked in the previous year in the construction industry. That was the initial problem we faced and the initial discussions were based on that division and the lack of significant individual worker ingress into that system.

You will, however, recall that under the Quebec regulations there is a special exemption which allows what are called "regular employees" to accompany a contractor who has employment in Quebec and it's my information that there are a significant number of

those permits being issued, so there are a fair number of Ontario workers presently working in Quebec under that special regulation.

To carry on with what has happened since then, the regulations have been giving the government, internally and with the labour movement, a lot of problems in that province, frankly because the so-called A workers were not able to get enough work recorded in order to be licensed once again as an A worker for the forthcoming year.

The next step they took was to form what are called subregions. So if we were to take the region of Hull, a subregion of Hull was created and thus the problem of access not only for Ontario workers but for workers from other zones in Quebec became even more complicated, because they now had to take second or third place in line to people from the region as opposed to those in the subregion, and that again changed the position of Ontario workers.

It's not an easy problem. It's a problem all of us in a sense resent, because we feel that free worker mobility throughout this country is something that's inherent in the federal concept of the being.

I have put the problem directly to the Construction Industry Review Panel and it has been having meetings about it and I hope to have its views on a suitable recommendation with regard to a resolution of it. I don't have that recommendation yet and I've had no further communications with Dr. Johnson since the summer. That is the present status of that situation.

The next matter Ron Van Horne raised had to do with advisory memoranda of the Advisory Council on Occupational Health and Occupational Safety. Those memoranda are all available and are all tabled, as a matter of fact, as are the responses that we've made to them.

If I might just take two seconds to praise that group, it's a very unique group, consisting of management, labour and the public generally. They take on their task with enthusiasm and a degree of cooperation which I think bodes well in an expanded way in society.

The particular memoranda you referred to had to do with education, and the memo-

random that was tabled with me was a so-called interim memorandum. Dr. May may well want to discuss aspects of that later on, as may representatives of the advisory council, and I see the executive director is here today.

In passing, I should make some comment about the kind of educational things that are already under way. As I'm sure the member knows, several of the community colleges have occupational health and safety programs. There are two universities now, McMaster and Toronto, that have diploma programs for physicians.

With regard to direct training, we have also, as I'm sure you know, given grants to the Ontario Federation of Labour for a unique program which involves the training of trainers to go out into the community and the work place, and in one instance to a community college, to provide information on health and safety on a broader basis. The most recent grant to the federation covers a three-year period and I believe amounted to about 1.3 million; that's subsequent to the initial grant.

The four resource centres that are active now are also involved in educational activities and I'm sure you are also aware there are numerous accident prevention associations that are similarly vigorously involved in education on a year-round basis.

So there is a significant amount of educational activity and the chairman and I have a meeting coming up in the very near future about meetings with the ministries of Education and Colleges and Universities with regard to even further activities.

You made reference to the labour market information unit. I would expect that later on in our estimates detailed responses to the projects that have been undertaken and the practical use made of them can be obtained. I don't have that at my fingertips and I don't think you would expect me to outline the details, but that will be something you can ask the individual representatives.

I would, however, say that the new manpower commissioner places particular emphasis on the labour market information bureau. He sees it as one of the keys to the broadening of the industrial training base in this province and, indeed, is coming forward to me with recommendations for an expanded role. I might also say that the labour market information unit has now been transferred to the Ontario Manpower Commission. The commissioner and the commission find it to be a very active and aggressive unit, and I hope that you will agree once you have the

opportunity to discuss the details of their activities.

You made reference to boards of conciliation and the infrequent use that's made of them. That's true, the use of boards of conciliation has been very infrequent. As a matter of fact, in my recollection there has not been one during my tenure in office, and I'm told it was approximately two years ago that the last board of conciliation was held.

Some might ask, "Is there a need for them?" I'm assured by my staff, and in particular by the assistant deputy minister in charge of industrial relations, that periodically a board of conciliation is a very useful tool. Indeed, the last time it was used it was successful in achieving a settlement.

I suppose the other reason they haven't been used, quite frankly, is that neither party, either unilaterally or bilaterally, during that past two years had asked for one. If they did, I assure you we would give serious consideration to it, because it would mean they foresaw some success to such a process. It's for that reason we think we should probably keep that as part of the armamentarium that's available to us in our endeavours to try and reconcile problems.

Mr. Pathe: Yes, it was asked for once during that period.

Hon. Mr. Elgie: Sorry, I'm advised it was asked for once. Is that correct?

Mr. Pathe: Yes, there was one request.

Hon. Mr. Elgie: You made some comments about first-contract compulsory arbitrations. I have some reservations about discussing that in any great detail because—as I'm sure you know and as the member for Hamilton East (Mr. Mackenzie) knows—it's argued by representatives of the United Steelworkers of America and some others that the existing Labour Relations Act already gives that authority to the Ontario Labour Relations Board. That case has been put specifically to the board in the Radio Shack case.

I think it probably would be inappropriate for me to comment on it in any general way, other than to say that when we talked about this last year I had some reservations about the concept of imposing agreements between bargaining parties and I had some doubt about the survival rate of those agreements that were imposed; in other words, the frequency of failure of second agreements. We have tried to keep updated with the activities in British Columbia, but at the moment I don't have the latest report on what's happened there. Perhaps during the course of our discussions that information will be available.

[10:30]

Mr. Mackenzie: Do you agree with the point made, that you do have the right for imposition of it apart from the fact that we've never seen it?

Hon. Mr. Elgie: That's the very point that's been argued. And that's the very point that we'll find out when the Radio Shack decision comes down. And I expect it's imminent.

Mr. Mackenzie: But you are telling me you don't know yet?

Hon. Mr. Elgie: No, I don't know. I make a point of trying to keep the judiciary, whether it's quasi or otherwise, separate from my involvement because I think natural justice requires that.

Mr. Mackenzie: But surely with what's happened over the last year or two it's something you should have looked at before this—or got that kind of ruling before this.

Hon. Mr. Elgie: Robert, the question is directly and specifically before an able and competent labour relations board at this time, led by a particularly able and competent chairman and alternate chairman.

Mr. Van Horne, then, referred to the fencing of construction sites. I know he was referring to the tragic situation with regard to the young boy of 11. I have one myself of that age so I can appreciate not only the horror but the anguish that was felt. However, as Mr. Van Horne knows, the inquest was held recently—I think it was last week—and recommendations were brought down by the coroner's jury.

We are now reviewing those; but I think you should know that of their first two recommendations, the one—I haven't got the number but it has to do with a duty to make machinery and equipment immobile or to have it locked—we think is at present a regulation in our act.

The question of fencing construction sites was acknowledged by the coroner's jury to be a difficult one. Indeed they went so far as to suggest the ministry should co-operate with municipalities in the drawing up of guidelines with regard to which type of construction site should be fenced. Some projects that are within a certain distance of a sidewalk or pedestrian pathway are fenced, and you can look around downtown to see examples of that. But the jury took cognizance of the fact that there is a great variety of circumstances and types of construction—or instance, highway construction—when it might not be feasible to fence off the whole highway site. Indeed in areas of construction

of residences, they felt it might not be feasible to fence off the whole area; maybe just those areas that are hazardous. In any event, those are recommendations we are taking under consideration now.

The question of coke-oven emissions was raised by Bob Mackenzie. He made reference particularly to the regulations in the United States. That's not been a happy story. It has been delayed in the courts for two or three years. We recently had some people down to visit various plants and to talk to the Occupational Safety and Health Administration in the United States and we are advised that nobody is meeting the standard; that it was a standard that couldn't be met. They have a problem with courts not immediately accepting the regulation, and with a standard that is imposed that isn't being met. That's not to say we're not going to proceed with the standard, because we are.

At the present time, and for some time, we have had an ongoing epidemiological study related to coke-oven emissions. The assistant deputy minister in charge of occupational safety unfortunately was away the past month because of a serious health problem. Just prior to leaving he indicated he was about ready to bring forward some recommendations to me. I expect those will be forthcoming now that he has returned and is well, even with his new beard and moustache.

The aluminum inhalation treatment—the so-called therapeutic program—is another matter that was raised by both Ron Van Horne and Bob Mackenzie. I put the problem to my own staff and also asked the advisory council to review it. The advisory council took, I think, a very appropriate step in appointing an epidemiologist, a chest physician and a member of the lay public to review the problem of therapeutic aluminum inhalation. I have been told that a report from them will be available to me, around December 14 or 15, but I think it should be clear about what my own perceptions of the problem are.

My own perception is if it is not helping, it is not enough to say it is not harming. The recommendation from my own staff, which I understand is ready to present it to me, and the recommendation from the advisory council will be received in that light.

I'm sure you all know there is a great variety of evidence for and against it. Much of the supportive evidence is sort of ad hoc empirical evidence, in terms of workers, but the solid evidence they base their conclusions on was experimental evidence. However, I know of no good so-called controlled random

study. This was the matter the advisory council was to address.

I categorize confirmation evidence in a variety of categories: the first is a randomized control study which is the most reliable, and then you get into experimental data and so forth. That's the information I will be getting this month on which I will base my decisions, but those are the principles that I will base them on. It is not enough if it's not harming; there has to be good evidence that it is helping.

I might also say that in my view there has been a very responsible response from the industry. To my knowledge, in all locations where it had been used, it is now either not being used, temporarily or permanently, or it is being used only on a voluntary basis with full informed consent. I think that is the situation as it is now.

Mr. Van Horne also asked why there had been a change in the nuclear accident response program in the evidence. I think it is really an historical problem. That is, the radiation protection service was always in the Ministry of Health and when that segment moved to Labour, the obligations of that segment, as it existed at that time, also moved to Labour. That was to draft on-the-site plans for each of the nuclear plants. In my opinion, those were very able, competent and acceptable plans. I doubt they will be changed in any significant way because a lot of effort and time had been put into them to make sure they were adequate.

However, the incidents at Three Mile Island and more recently the confirmation from Mississauga have indicated to us there was a need for a different kind of supervisory control mechanism. For that reason it was transferred to the office of the Attorney General, and an emergency planning and co-ordinating body was established. I think it was the right decision. We will continue, however, to play a very important role by way of resource and backup as we have done in the past to Environment and to Health.

You made reference to the question of unjust dismissal in the unorganized sector, and I refer particularly to the federal legislation. Actually, as I understand it, there are three jurisdictions in Canada now that have passed unjust dismissal legislation. Nova Scotia has legislation that requires if someone has been employed for 10 years he may not be dismissed without due reason. The federal legislation has a one-year section and the most recent Quebec legislation has a five-year section in it. So it is certainly something we have to look at. But I don't want to pretend it is an easy problem, because this

is the heartland of the industrial section of Canada.

I suppose the difference between the unorganized and organized sectors is that in the organized sector we have a bargaining agent who in a sense evaluates the validity of the grievance regarding unjust dismissal. To their credit bargaining agents usually very appropriately sort out those that are valid and those that aren't. So the grievance arbitration system is not faced with a glut of unjust dismissal claims that haven't had some sort of screening process.

I don't say such a screening process couldn't be established in the unorganized sector. All I'm saying is, it is not an easy administrative problem and it does have a lot of ramifications. But I'm still concerned about the issue and it is something we do have to look at. I would remind you that in any event there is still the right of an action with regard to unjust dismissal.

The question of electronic surveillance was also raised. As Mr. Mackenzie said, I've made it clear in statements in the House that oppressive surveillance is personally offensive to me. However, I have indicated there are some security matters that might and do justify its use on some occasions.

What we have tried to do is put together a paper that covers the problems and attempts to suggest solutions. We don't say any of them are right, but I think that people who have read the paper say it is a thoughtful one. We are getting very few responses. The most recent one was highly critical of it, suggesting that we are about to consider shoving something down people's throats again as we are supposedly prone to do in other matters. I think the fact that we put out a paper and are putting the issue through an open consultative process indicates our serious concern about the problem. I have no reason to doubt that in due course, once those responses are received and evaluated, consideration will then be given to acting on whatever seems appropriate.

Mr. Van Horne commented on the monitoring of layoffs, terminations and relocations—activities that are carried on by the employment adjustment service of the ministry. I understand it is possible to provide members with a list of these layoffs, terminations and relocations and I will ask Mr. Scott if he can arrange to do that. Perhaps the deputy can see that information is provided.

You also asked if there is an indication of those who are moving to avoid a union. I haven't got the exact data at my fingertips but I can tell you that all three cases where it was alleged that companies were

moving to avoid a union have been submitted to the labour relations board and are now before it.

At this moment I am not aware of any other specific situations where that has been a complaint, but perhaps the information that is gathered together will further elaborate on that.

Mr. Van Horne asked about the use of section 38 of the Unemployment Insurance Act. This is the section which allows the use of unemployment funds as almost an incentive to work rather than as an outright unemployment insurance payment. It allows provinces to submit projects for consideration and has guidelines under which those proposals must be drafted.

To date, we have submitted four proposals. I can't remember what they were all about. One had to do with a northwestern Ontario project of clearing rights of way. Another one had to do with evaluating tile drainage and other aspects of agriculture in eastern Ontario. I can't specifically recall the third but the manpower commissioner will, when he is involved in a portion of the estimates. The final one had to do with enhancing tourism in Ontario.

To date, none of these has been accepted by the commission, but I have reason to believe the last mentioned one, having to do with enhancing tourist activity in the province, is under serious consideration. Copies of the guidelines are available and further details about the projects can readily be obtained by questioning the people directly involved later on during the estimates.

Mr. Van Horne got into the question of health and safety training for government employees and employees of agents of the government. Dr. May has indicated to me this is an area that does require greater attention. He has already been in touch with other ministries to indicate the need for some interministerial co-operation with regard to the training programs for those employees. But clearly, greater emphasis is required in that.

10:45]

Picket-line activities, if I may summarize it in that phrase, was the next subject you referred to. Again Mr. Mackenzie went into that in fairly great detail, in a movie which we all enjoyed. Vic Pathe next year wants to show a half-hour movie on a typical mediation scene, so perhaps we'll all take part in that next year. It won't be as dull as you think, but then I am not sure that anything is ever the way you perceive it to be, Robert; we are in the real world.

I wouldn't want anybody to leave this room thinking the majority of picket lines in this province are scenes of horror and terrible tales. By and large, I think it's fair to say—and I would challenge anybody to question this—that peaceful picketing for the purpose of information is the usual story. That's not to say incidents that are alleged to have occurred in situations such as Radio Shack and Fleck, and so forth, are things we all have to think seriously about and make sure no inappropriate activity is going on.

My deputy tells me that in past days, in contradistinction to what Bob Mackenzie said about things getting worse, Friday afternoon at court used to be picket-injunction afternoon. There were just bundles of applications for injunctions in regard to picketing—and that's going. So I like to think that confirms the view that the majority of picketing is peaceful and orderly, and those involved in providing any legal enforcement that is required are behaving in a way that is appropriate.

I had the opportunity two nights ago—at a meeting I was at—of chatting with two members of the metropolitan police force who make up the labour relations division of that force. My own experience with a person who crossed the Blue Cross picket line to pay his bill was that it was an orderly picket line and the police provided informational services. Certainly if those two gentlemen typify police interest and concern about the problem, we are in good hands.

I also understand that in Hamilton, in your community, there is a very good rapport between the police and any situations that are related to picketing.

Mr. Mackenzie: That is correct; they have handled most disputes better in that town than I have seen in a number of towns. But it would interest you to know that police officers from forces outside Hamilton have complained bitterly to some of the Hamilton police officers about the way they deal with strikes. They say the Hamilton police are much too soft on them—which I think is a sad commentary on some of the other forces.

Hon. Mr. Elgie: That is interesting because again I had the opportunity of sitting beside a senior labour leader the other day whose son is a policeman in Hamilton. He was praising, through his own son's reports, the sensitivity that the Hamilton police have towards problems.

Mr. Mackenzie: I'm not saying they are not sensitive; I'm saying other police forces, other officers, have complained to Hamilton officers about being soft in strikes.

Hon. Mr. Elgie: Anyway, if there is a need to carry this sensitivity regarding those situations to other areas, I think that is something we can't avoid. I don't want anybody leaving with the impression that we are faced with a rash of terrible picketing situations. By and large we see peaceful, well-handled picketing situations, without problems and without events. Inco was one of them.

Mr. Wildman: Mr. Chairman, may I ask a short supplementary? When does an information picket, in your view, become more than that—become a situation of harassment? For instance, if an individual is crossing a picket line and is subjected to catcalls—

Hon. Mr. Elgie: We get used to that every day in the Legislature. I even had a bit of that last night.

Mr. Wildman: As the individual crosses the line his progress is not impeded. However, the individual is escorted across the line by picketers who subject him to name-calling. Does that, in your view, constitute harassment?

Hon. Mr. Elgie: I'm not really knowledgeable enough to report what the law is on picketing activities. Perhaps the deputy would want to comment on that; he's had a very detailed involvement.

Mr. Armstrong: It is very difficult to generalize about a particular event. You can postulate events, but as you know, Mr. Wildman, the common law establishes that the permissible limits of picketing in this jurisdiction are the peaceful communication of information. If it goes beyond that, and if ingress to or egress from the premises is blocked, or if there is some offensive conduct on the picket line—assaults, threats—that of course comes under the Criminal Code.

Mr. Wildman: Is the word "scab" offensive on the picket line?

Mr. Armstrong: I wouldn't have thought so. I think a picket line is not a boy scout jamboree. Feelings run high and intemperate language is used on picket lines, as it is used in legislative committee rooms, to varying degrees. I'm not on the bench, so I would have to look at the law and hear arguments as to whether the use of the word "scab" is something that gives rise to punishable conduct.

My own personal view, for what it's worth—and it is probably not worth very much—is that it is a recognized form of language on picket lines.

Mr. Wildman: I don't want to prolong this. I just want to ask another question, subsequent to that. If an individual is subjected

to catcalls and name-calling, and is escorted across the picket line by picketers, but is not impeded in his progress, however that is viewed, if it is viewed by a police officer, and the police officer feels it constitutes harassment, is it the role of the police officer then to advise someone who is crossing the picket line, without being asked, that he should bring a charge of harassment?

Mr. Armstrong: I think we are getting into the Solicitor General's estimates at the moment. The permissible role of a police officer is something for the Solicitor General (Mr. McMurtry). This is an entirely personal view, but I would never regard it as the task of a law enforcement officer to promote a criminal litigation. Individual citizens have access to legal assistance and if they are subjected to conduct that amounts to unlawful harassment, if the name-calling is accompanied by the apprehension of physical threats or violence, then that is something else. But to answer your question as directly as I can, I wouldn't have thought the police officers ought to operate as advocates as to what action should be taken by the victims of this conduct.

Mr. Wildman: Just have a look at the CUPE Local 1880 line at the children's aid society in Sault Ste. Marie and what is happening there.

Hon. Mr. Elgie: There was some suggestion the Ministry of Labour should have some involvement where there have been alleged picket-line problems. I want to tell you that we do have that involvement. In the Boise situation there were complaints made to me by labour representatives, whom I meet with frequently, that there were some inappropriate activities going on. As a result of that I arranged for labour leaders, in particular Cliff Pilkey and Terry Meagher, to meet with the Solicitor General and the head of the provincial police. As a result of those discussions certain numbers of police were withdrawn and I understand some changes took place. So we are always endeavouring to respond to situations. Where our advice is deemed to be appropriate I have no reason to think it isn't considered.

I am sorry but the deputy has to leave. He has to go to an urgent meeting. As part of our duties that go beyond the Ministry of Labour, he has to attend something else that is unrelated to our own ministry. It again demonstrates that his fat-cat, complacent attitude takes him into areas that go above and beyond the responsibilities given to him in this ministry.

The next issue raised by Mr. Van Horne was the question of wage protection. The matter of bankruptcies and wage protection and so forth under the BNA Act is a federal issue. A bill was introduced by the previous government but died on the Order Paper. I communicated to the present Minister of Consumer and Corporate Affairs my own view that any new bankruptcy legislation should deal specifically not only with situations of bankruptcy but with unsecured situations in a variety of other fashions that face workers where there is a plant collapse.

I am told, although I haven't seen the new legislation, that it still doesn't adequately protect workers as it should. We have been following the situation in British Columbia where through a legal device that I am told is called a deemed trust, they have endeavoured to do what they presumably couldn't do under the BNA Act. Paul Hess, who just reviewed the whole problem for me, has advised me that the case dealing with this matter in British Columbia has been completed and the courts have held that the British Columbia legislation was *ultra vires*.

I have no alternative now but again to pursue the federal government and the present minister and encourage him to expand the terms of reference of that bill to cover wage situations. I will do so.

You then asked about whether or not there will be an improvement of benefits. I certainly plan that with the co-operation of opposition parties we will have something before the House rises. I would remind you that on July 1, 1978, there was an uncompounded increase amounting to some 25 per cent. Nevertheless, with your co-operation, I hope we will have something before the Legislature rises on this occasion.

In your concluding remarks, you talked about what I will phrase as "tokenism" with regard to our efforts on equal pay and equal opportunity for women. I don't think you would say there is any person who, at least in his comments or speeches or remarks or attitudes, is more concerned than I am about the inequities that face women within the area of wages and in terms of equal opportunity. I don't think there is any doubt that more needs to be done. But having said that, I think we have to take a trip through memory lane and recall that this province has always been the leader in this country in both of these aspects.

We could go back to 1951 when the first equal-pay legislation was passed and follow it through a variety of changes to the last in 1975 which allowed further revisions to the term "equal work" so that it was converted

to "substantially the same work." Throughout, it has been a process which has heretofore put us in the forefront in those areas.

[11:00]

The question of equal pay for work of equal value was addressed in a pretty comprehensive paper in 1976 and some conferences have been held on it. The specific issue will be before a standing committee, a private member's bill which received the support of this party on second reading. We look forward to the discussions and the elucidation of the problem as well as the principle related to that issue. I raised my own concerns about it in the debate indicating that although as a principle of equity it was an important one, I was concerned about some problems related to the implementation of it. However, I think we all have to acknowledge that it is now before a standing committee, with the approval of all parties, for review and consideration of all aspects of the issue.

Although there are two jurisdictions that have equal-pay or equal-value provisions in the human rights code, there have been something like 12 or 13 federal complaints to date. I think they have a total staff of one and a half or two people involved in it. That has been one resolution of the problem and that could have been resolved under an equal pay for equal work provision. To my knowledge there haven't been any in Quebec but I may not be entirely up to date on that.

An equally important issue, and perhaps in the minds of many an even more important issue, is that of equal opportunity—the right of access to senior positions rather than the ghettoization, if I can put that in a very kindly way, of women into lower-paying clerical and secretarial positions as a way of life. In other words, it's an opportunity to enter into nontraditional areas of employment. I would like to think that we again have been the forerunners in the country in this area, although I don't say there aren't still a lot of problems and a lot of things to be done.

The women's bureau was established in 1973. A women's equal opportunity employment act was passed in 1970 and subsequently transferred to the Human Rights Act, and in 1974 the women's crown employees office was established to encourage affirmative action and equal opportunity in the government. In 1975 the Ministry of Labour introduced an innovative program within the women's bureau, the Affirmative Action Consulting Service, which I think has had an immense influence on a voluntary basis to try to encourage employers on a voluntary

basis to facilitate equal opportunity for women in employment.

Mr. Van Horne: Could we stop you there?

Hon. Mr. Elgie: May I just finish my remarks? I won't carry on much longer.

The new manpower commissioner and the commission have indicated that they too have more than an interest—an involvement—in this very important area. The most recent meeting I held with the Minister of Employment and Immigration was in conjunction with the manpower commissioner. It was agreed that the federal-provincial manpower needs committee would establish a subcommittee on needs of special groups with special priority being given to women in this area. The subcommittee would develop an employment strategy which has both federal and provincial approval. I look to that as a very important recommendation body, particularly since we have good input into it, not only through our commissioner but through our women's bureau.

Sorry, you wanted to say something?

Mr. Van Horne: I wanted to mention something that came to my attention when we left here last evening. As members often do, I was making phone calls back to my constituents who tried to get me during the day. I talked with a lady in our community last evening who is involved with the provision of English as a second language to women in the work place. Does that sort of thing come under the purview of this person or these persons whom you have just been talking about?

Hon. Mr. Elgie: No, that doesn't come under our women's bureau that I am aware of.

Ms. Clarke: The English as a second language programs are run by the Ministry of Education and I think there is some co-operation from Colleges and Universities.

We supply a fair amount of information to those groups, in English and French and in other prominent languages of newcomers to Canada. All we really provide there is support services. It is not part of the mandate of the Ministry of Labour at all.

Mr. Van Horne: I understand that continuing education departments of boards of education do provide, if not the impetus, some people and some materials. I know that. However, there comes the question of funding. As I understand it, the people of London have made application to Culture and Recreation.

Hon. Mr. Elgie: Culture and Recreation runs its own program and they also fund some programs on the committee.

Mr. Van Horne: But I see this as something that really comes under three or four headings or three or four jurisdictions and I have to wonder who should be the right agency or what should be the right ministry to co-ordinate this. Do you not see it as something that should come under Labour as opposed to Education or as opposed to Culture and Recreation?

Ms. Clarke: I think we have a part to play in that in providing basic information because so often newcomers to this country do not know their rights under labour legislation. It is very important they know about things like pregnancy leave and equal pay and so on. So we do provide that kind of backup service.

We are also in the process of working with a few employers who have many immigrant women on staff to see if we can work out some kind of noon-hour programs or 4 p.m. programs to help them with understanding the legislation. We are working on an audio-visual presentation which can be used in about six languages, voice over. That would blend in with the program.

But our major mandate is employment and employment issues. Many of the English as a second language courses have really no relationship to do with that specifically.

Mr. Van Horne: I would ask, Mr. Minister, if you might not give this some consideration and let me give you a simple for-instance that was passed on to me last night. The ladies in London who have been assessing some of the workers at the Kayser-Roth plant determined that some Vietnamese ladies who have arrived on the work scene within the last few months have the same English language skills as other new Canadians in that plant who have been here for 12 and some for 15 years. That, in my view, is horrid. I cannot condone a situation that has been allowed to go on like that.

At whom or at what do you point the finger? You can say these people are complacent, that they don't want to learn et cetera. I would submit to you it goes a lot deeper than that and somebody has to take the responsibility. It is too darned easy for a board of education to say, "That comes under continuing ed but if the plant doesn't approach us, we have lots of other things to do." It is too easy for Culture and Recreation to say, "If they don't make application for a grant we have lots of other things to do," or for Labour to say, "If they don't come to us, we have—" Everyone has got lots of things to do. I am presenting a problem to you which seems to be one that needs immediate attention. Where is the proper jurisdiction?

Once that is established the designated authority should run with the darned thing. I did some calling around this morning. I phoned two agencies in London and tried to find out where the handle was in this thing. It was a pretty frustrating exercise.

Let me leave that with you as a challenge. Perhaps by the time we finish the two weeks or so we are going to spend here, a few hours at a time, you can give some indication to us, Dr. Elgie, as to whether or not it could be under the Ministry of Labour that the proper jurisdiction or leadership would be found.

Ms. Clarke: One of the reasons we are trying to work now through employers is that there are cultural problems involved. It is a very difficult situation. In many cases immigrant women are working in factory situations where most of the people there speak their language. That is why they get a job there. When they go home they are expected to do all the responsibilities of a wife and mother, so they have no time to consider possibilities of training outside the home. In fact it is often thoroughly discouraged.

The only way we can see in terms of helping with that and in terms of increasing their employment possibilities, which is where we come into it, is to see if we can convince employers to provide some on-the-job English-language training and some knowledge of the culture they are living in, because they get very much dissociated from the younger members of their family as the years go along.

I agree, it is a very serious problem and either has to be attacked in a co-ordinated effort, which we are trying to do now, or needs one centre of responsibility. I don't know which is best.

Mr. Mackenzie: Can I ask what success you have had in convincing employers?

Ms. Clarke: Very little. We are still working at it.

Hon. Mr. Elgie: There are just three other areas in relation to the inequities facing women. There have been some other important indications of voluntary interest in the problem. The Ontario Chamber of Commerce in its brief to the cabinet this year had a new section in it dealing with corporate social responsibility. In that section it stated that corporations do have obligations with regard to equal opportunity. The chamber is also co-operating with the women's bureau to forward this view in its publication to all its members. So we are getting some co-operation on a voluntary basis from the chamber in that area.

Mr. Mackenzie: We expect great things from them.

Hon. Mr. Elgie: Did you read the section on social responsibility?

Mr. Mackenzie: Yes, I did.

Hon. Mr. Elgie: I think it was a good and important contribution.

In the area of apprenticeship, our women's bureau has been co-operating with the Ministry of Education apprenticeship area to encourage and to assist in affirmative action efforts to get women into the apprenticeship area. This is just a beginning program and I really have nothing to report to you on it. I wanted you to know we are involved in that area as well.

Bob Mackenzie made reference to a speech given by Jerry Docquier outlining the wage gap. I have two comments. First of all the most recent statistics out in the past week or two indicated that although it is minimal, there has been some diminution of the wage gap. I think it is from 53 to 56 per cent now. I think the main thing we have to point out is that those figures Jerry was using and you are using take into account all factors other than sex differences.

Marnie Clarke can give you three pretty good references on the issue. A variety of studies will show you that once you discount all of the other factors and confine yourself to wage differences due to sex only, the real wage difference range is from 10 to 25 per cent. Having said that, I don't think we should be proud of it. I think it still is an inequity that has to be dealt with. But I think we do have to stop using that general figure which incorporates a lot of factors other than differences due to sex.

Mr. Mackenzie: Mr. Minister, I think in the estimates last year one of the points you made on page R-1266 was that "we will have to identify any reasons for the failure to change or improve the gap." Once again, we talked about the wage gap between men and women.

I am wondering if you have done that assessment and if you have identified what you see as the specific reasons for that wage gap.

Hon. Mr. Elgie: As I indicated in my opening remarks, the women's bureau will be putting out a paper on sexist evaluation programs. When the women's bureau estimate is being discussed, I think that would be a very good item to go into in greater detail.

I would like to return to some of the remarks that Bob Mackenzie—some of which have already been responded to. I am obliged to say that although I am still a relatively new member and have come to appreciate the need for rhetoric and hyperbole and

overemphasis, and even occasional exaggeration, I think to be excessively extreme does no one any good and doesn't do society any good. I would submit that in some of your remarks last night, Bob, you went beyond the limits of good taste.

[11:15]

Let me start off with regard to the state of labour relations. If one were to take you at face value, one would think that in this province we had a Wild West jungle free of labour laws and free of any body or any person interested or concerned in a concept of natural justice, in a concept of what's right or wrong in the labour relations scene.

Indeed, you went so far as to call the Ontario Labour Relations Board a master-servant board and I take offence at that. I think it's a unique board. I think our labour laws in this province stand second to none in North America. Our board has a bipartite makeup, with labour and management representatives, top quality people, and with the most recent appointments of George Adams as chairman and Kevin Burkett as the alternate chairman, we have two of the finest, dedicated and committed people in the area of labour relations to be found throughout the country.

I don't say there are not others as good, but I think you did them a disservice last night. They are endeavouring in a very honest and capable way to serve the needs of management and labour in this province and to endeavour to put forward the principles that you outlined so well in the introduction to the Labour Relations Act in this province.

You went through a litany of complaints that suggest there's no remedy to any of these problems. Yet in the Fuji Japanese Restaurant situation, which has troubled both you and me, and where you indeed expect that I would run around like Jack-a-dream, dropping in on negotiations and solving the problems, I am led to believe by my mediators that negotiations are continuing satisfactorily, that the issue of union security has now been settled and that further negotiations are continuing on December 14.

I'm not saying some inappropriate things did not go on. What I am saying is that we have the mechanism, through the board, for objective assessment of such claims. Any suggestion that there should be ministerial intervention and determination to either influence a board decision—and you didn't say that—to make a determination above and beyond that which the board is capable of and has the duty to do is more than inappropriate.

You also made reference to York Steel, something that has troubled you greatly. You handed me the documents; and the documents presented by both parties—both the union and the management—gave me concern and gave you passing concern, so let's not pretend that there weren't things on both sides. In any event, the net result was that the labour relations board, as a result of presentations to it about good-faith bargaining, did indeed order a vote and the bargaining unit is certified there.

So instead of this great litany of unresolved and unresolvable problems facing the labour relations scene out there, there is indeed an avenue where these problems can be redressed in an objective, judicial or quasijudicial way, as it should be in society.

On the issue of Radio Shack, I don't know if the others felt this, but I felt you were saying there was a rash of problems there that were going unrecognized by anybody. I ask you in all fairness to read the previous decisions rendered by the labour relations board in which they were highly critical of inappropriate activities of management. I ask you to evaluate honestly the usefulness of a very solid labour relations board such as we have in this province, which is now dealing with some avenue or some method of dealing with the problem that faces Radio Shack and its employees as a result of what the board has deemed to be many examples of unfair labour practices.

As I indicated to you earlier, and as you know, the steelworkers, in their presentation through their attorney, have indicated that under the present Labour Relations Act—I believe it's section 79, but I can be corrected later on—the board in their view may have the power to impose a first contract, particularly in circumstances that in the view of the counsel—pardon?

Mr. Haggerty: Section 14 of the Labour Relations Act.

Hon. Mr. Elgie: I think it's 79, but anyway it doesn't matter. Yes, it's 79.

Mr. Haggerty: There's something in 14 that would provide that too.

Hon. Mr. Elgie: We'll know shortly whether that view is accepted.

But what I want to emphasize again is that if one is going to list a litany of problems, let's also acknowledge that there is an arena in which those problems can be dealt with and resolved judicially by an independent body free of any persuasive powers or other sort of powers that there may be in the political arena. I think that's an important element that society must retain.

Secondly—and I have to tell you I don't say this in a vituperative way, because you know that I have certain feelings of fondness for you—in my opinion, last night you made an unwarranted, exaggerated attack on civil servants such as I've never seen or heard of before. I admit I'm a new boy and I admit I may have something to learn about what's acceptable in the give-and-take of the political arena, but I think some things aren't acceptable between human beings who have a decent respect for each other.

To call people of the calibre of—I'm not even sure to whom you're referring and I'm not going to ask you to single them out, but I think I have to speak on behalf of them all to say they resent it. If you are referring in particular to people like the assistant deputy minister, industrial relations, and the deputy minister, I have to tell you, my friend, you are so off base you wouldn't even get thrown out on third. That is just such garbage that I find it offensive.

I challenge you to tell me a time when you speak to either of these two gentlemen and you don't get an appropriate answer and don't get the problem dealt with: maybe not to your satisfaction, because frankly not everybody agrees that you have the total answer to the world's problems.

But I have to tell you that I am not just angry at you, because there are people from other walks of society who claim that many in this ministry, rather than being fat cat and complacent and not interested in labour problems, are so interested in labour problems that they verge on being communist, and I'm tired of those complaints from both sides.

I get those daily. I got one last week and nearly brought up when I got it. I've got to tell you that in between those two extremes there's a bulk of society, knowledgeable society, that knows we have in this ministry very able, committed, unbiased people who are trying to protect the legitimate interests of labour.

That takes me on to the next area. I think you made unjustified remarks about a complacent minister who is not an advocate for labour. Again, I get tired of those two extremes because for every bout of railing that I hear, such as the one you made last night, I hear three or four from the other side that I'm so much a labour advocate I'm incapable of being impartial.

I do endeavour to be as impartial as it's possible for a human being to be in my pursuit of trying to represent what I view to be the legitimate views of labour. My concept of the legitimate views of labour and

yours may differ considerably, and that's my privilege and that's your privilege, but I won't take the accusation that I have no interest and no involvement in those legitimate views, because I hear them too much from both sides, both extremes.

I like to think that out there in the middle there is a group of reasonable human beings who acknowledge that where there are legitimate problems and legitimate issues that need an advocate, they have one. That's not to say that I disregard other views in society, nor should any human being who is endeavouring to be responsive to society as a whole.

I challenge you on that and I resent it and I have to tell you that I don't think you are speaking on behalf of those people in organized labour that are thoughtful and do have many conversations with me about problems in the labour movement.

We have dealt with Radio Shack to some extent, and as I indicated, I have specifically avoided detailed conversations with the chairman or with anybody at the labour relations board about the Radio Shack or the decision, because that's not my role. My role is to take part in the selection of people who sit on the board and to make sure they are sensitive, able people. I think we have them and I've told you that, and I'm not going to go over it again.

You stated: "The ministry is looking the other way while the introduction of the Labour Relations Act is ignored and there is uncontrolled union busting." I have never known any union leaders, let alone the president of the OFL, who were shrinking violets about letting their views be known to me and to other organizations. I like to think the views expressed before the Labour Relations Board and a significant number of their judgements reflect that they have considered and given due attention to those representations, because the number of times that the views were accepted is, in my view, very appropriate.

You may say that they don't respond to those views often enough. That's a decision they have to make and they have to make it impartially and I think they are doing it impartially. I think the people who have been put there to do it are capable of doing it impartially.

The suggestion that I should run around, dropping myself into bargaining situations and saying, "Aha, there's something wrong here; we have to correct it; never mind what a board might say," I think is just incredible. It should not be a role that I have in this government, nor should it be a role that you have—should the day ever happen, and

it's unlikely, that your party would ever be in power. I hope you remember that, should that day ever come, because I think that is inappropriate behaviour.

The branch plant economy and the insecurity associated with it is a problem. Who doesn't acknowledge that it's a worry and that it's a problem? But is there any sudden evidence of a massive rash of closures and unwarranted relocations and all these terrible things? Are things going on here that are different and reflect our so-called branch plant economy? I would suggest to you that the expansion in the manufacturing sector in this province in the face of a deterioration of the manufacturing sector south of the border is an indication that there's something pretty sound about this province, and there's something pretty sound about the industrial relations setup in this province as well.

To suggest that we don't care about any of those situations bothers me, because you know very well that in the Anaconda Brass case the fat-cat, complacent deputy you referred to, along with the Canadian director of the UAW, and along with the Deputy Minister of Industry and Tourism, went to New York and confronted the people. As a result of their endeavours—those fat cats—Anaconda Brass still survives and is satisfactorily surviving.

I don't say that other personal efforts have always been successful, but let's not forget that in situations like Columbus McKinnon we aren't talking about token efforts to try to influence a situation, we're talking about the Deputy Premier, we're talking about the then Minister of Industry and Tourism, John Rhodes, we're talking about me meeting with the Canadian directors and meeting with the president of the American parent company come to Toronto.

He did so, and I think he left the room knowing there was pretty strong criticism, and those criticisms were voiced openly and honestly to the press afterwards, without regard to any personal connections that one would have thought would have influenced the situation otherwise.

You know very well that my own involvement in National Steel—a closure which troubled me greatly—was such that I went there personally myself to meet with the town council, to meet with the citizens. The Premier (Mr. Davis) and I and the Minister of Industry and Tourism (Mr. Grossman) met on numerous occasions with representatives of National Steel. I flew to Cleveland, Ohio, with the interested member of your own party, who is from Capreol (Mr. Martel) to confront Hanna Mining Company to see if some arrangements couldn't be made to help

that mine survive and to help the community survive more adequately.

I don't think that's an indication of an unconcerned and uninvolved, uncommitted, complacent minister or ministry. I want to tell you that that kind of attention is given to every problem that—in my view—warrants it. [11:30]

To suggest that people in this ministry are sitting gloating about the cessation of the strike at Canadian Gypsum is really an incredible suggestion. Frankly, that's a slur on the mediation staff and all of us. To think that any person would sit in his office and gloat over something like that is just so incredible that I can't honestly think you meant it. I think you're enthusiastic and I think it carried you over the bounds of what's acceptable. I would resent it if I really thought you meant it, because it just isn't so. I think in your heart of hearts you know it isn't so and I doubt that you're proud of the fact you made that remark.

On the question of Westinghouse and its alleged desire to flee from a union, I have only two or three comments. First of all, there are three situations where it's claimed that companies are fleeing unions. In one of them, ESB, as I'm sure you know, the new plant is already organized and I am told by people who know the business community that it would be most unusual if plants weren't organized in the new place that they go to.

Be that as it may, the issue is clearly and simply before the labour relations board to decide whether or not there was that intention to move, purely and solely to flee from a union. The existence of documents that you referred to is before a court. If you are suggesting that I should make a determination free and clear of any determination that may be made by an independent body, I won't do it. Nor should you ask me to do it, nor would you do it if you were in my place.

In passing, I don't profess to have any knowledge about it, but I do want to tell you that the electrical industry is not an industry that's without present, or indeed, particularly so, future problems. You know there was a tripartite task force that dealt specifically with the problems facing that industry and—I have to say it in a critical way—the union that's involved in all of the situations relating to the so-called flight from the union refused to take part in that tripartite task force on the future of the electrical industry. Fortunately, other union representatives and union people did take part in it and contributed greatly to the ultimate decisions that they made as a group.

On the question of minimum wage, the paper that you referred to, to my knowledge, is not yet ready. Just to clear the air about what that is: In co-operation with the Economic Council of Canada, the Institute for Public Policy, in conjunction with our own research staff, is conducting a study about the effectiveness of the minimum wage as a tool against exploitation.

You know about the study that came out from Quebec—I forget whether it was from Montreal or Laval—some year and a half ago indicating some concerns about minimum wage, but in spite of all that, it's one of the tools we have now and the question of minimum wage is at present under review. I can't tell you if and when there will be a change in it, but it's under review by me.

You raised another particular incident—it's difficult to respond to them all, and I hope that when John Scott is before the committee later that he can respond more specifically—but if there is a contravention of the Employment Standards Act in that case, say so and let's have it investigated. We shouldn't tolerate contraventions of the law. If they happen and we don't know about them, we can't be blamed for that. We have to know about them and then when we do know about them, we deal with them. Let me tell you, I hear more frequently from people who say we deal with them too effectively and too harshly. You don't see that side of the coin. I see that side of the coin.

In spite of those criticisms from both sides, the employment standards branch staff, led by John Scott, is able and committed and far from complacent, as you know, because you have many times indicated the great value that John Scott is to this ministry. So if there is a complaint, if there is a specific situation, I'll have John Scott look into it. I realize he took a note about this last night—and will report to you.

You then raised the right to strike during the life of an agreement and referred specifically to the fact that in the National Labor Code of the United States this was permissible. That may be so, but let me tell you two things. First of all, the vast majority of the collective agreements in the United States ban a strike during the course of a collective agreement, so the parties recognize the disruptive influence that has.

I may also tell you it is my understanding that a collective agreement in this province could allow negotiation over matters during the course of an agreement, such as technological change. I have no reason to believe that could not be written into any collective agreement.

But beyond all that, are you really telling me you admire and respect the US National Labor Code as a model that we should turn to? Are you suggesting that many of the features of that code, including the one that you raised, are something that we should emulate? I particularly refer to the certification procedures.

Mr. Mackenzie: If they happen to have a good feature, maybe you could take a look at it.

Hon. Mr. Elgie: I see; so the fact they have put together an act which has good features and bad features shouldn't be taken—

Mr. Mackenzie: You look only at the good ones.

Hon. Mr. Elgie: I see. I've made it clear that many things that are legislatively passed in the United States to do with working rules and right-to-work rules are not acceptable to me. There are many things in the US state codes that are unacceptable, and there are some things about the national code I couldn't accept either. But I don't know of any labour code that is any better than ours. Indeed, if you will recall, President Carter tried recently to get a code that is very similar to ours through Congress and couldn't do so. Somewhere along the line we have something good going for us. I like to hear the criticisms, but once in a while I like to hear some of the good things too.

I hope I have already reviewed some of the questions of police activities, but again, during the course of discussions, I'd be pleased to comment further on them.

The issue of domestics was raised. Again I have to take exception—I don't know what was going on last night—with your suggestion there is some phoney interest in the problem being exhibited by the Minister of Employment and Immigration. This is not a phoney interest at all. We have had consultations about it. He is concerned about it. He is concerned that offshore immigrant workers are coming to this country without an enforceable contract with regard to their employment. They have guidelines, but they have no enforceable contract. That is his goal, to get a reasonable and enforceable contract.

I have told him that under the existing Employment Standards Act we have been, continue to be and would be obliged to enforce that contract. We have collected wages on many occasions under contracts between employers and employees where the employee was a domestic. We will continue to do so. The act still continues to require us to do so. That's the kind of information that

he wanted and that's the kind of step he is taking.

In the interim, I'm actively pursuing some provincial standard which is acceptable with regard to domestics. I hope to have something shortly to present to cabinet. This is not a forum where policies are made, but I tell you that anyway.

And again the old fat cat story came in. Our concern as we try to draft a recommendation is not over how we can preserve what you call "fat-cat interests," but it is how we can get at a perceived problem in such a way that it doesn't destroy employment opportunities. I know you do not like that, and you may not buy it, but it's true.

The fact of life is that we have to work towards a balance which doesn't jeopardize the employment possibilities for people. That is the guiding issue before me, and before us, at the moment—not any of the other stuff. I haven't heard anybody say this, even that wonderful member for Sault Ste. Marie (Mr. Ramsay)—who comes to me very frequently, let me tell you, more than most people, about labour problems—as does Mr. Hennessy from Thunder Bay. People in those communities have no two better representatives than those two men. I resented some of the criticism they took in an off-hand way last night.

Mr. MacKenzie: He sure was a patsy for somebody.

Mr. Wildman: I don't think he meant what he said. I think he was stuck with that speech.

Hon. Mr. Elgie: The question of Bill 70 was raised, and you referred to the delay in proclaiming it—the delay in regulations. We've talked about this before. There was no intentional delay in anything. The consultative process with regard to regulations was a long one. Even as late as August there was still a rejection by one union representative of, I think, at least one aspect of the mining regulations which required that we call together the mining committee again, and we did so. I don't apologize for that, because as a result of that process we have regulations that, by and large, have met with some degree of unanimity.

That's the only reason there was any delay. That mining committee wasn't a committee that was struck two days before proclamation. It had been meeting for about two or three years. I think you should have acknowledged that. As long as it is clear there was no intentional delay on our part, let's agree that it's too bad it took a little while to proclaim it, but that was beyond our control.

All reasonable efforts were being made to proclaim the act and to proclaim the regulations as soon as possible.

The Algoma cancer cases were raised. As a result of the epidemiological study done at Dofasco and the review of that study carried out by Dr. Miller of the Canadian Cancer Institute, guidelines for cancer related to foundry workers in Dofasco were established.

My recollection of events, and I haven't talked to people from the board, was that the board came to me then with two options. One was to have similar epidemiological studies carried out at each and every foundry in the province. This would have been very long because there are several foundries and they would have had to be done individually. The other was to see whether they could endeavour to find factors in other foundries that were common to the Dofasco situation. If they were able to find these factors, identify common agents or possible agents, then guidelines could be drafted much more rapidly which would deal with the cases of alleged cancer from foundry workers in Algoma.

That's what we are trying to do—not to delay the process but rather to hasten it by finding a route that is quicker and simpler than going through epidemiological studies for each foundry. We were trying to find out that way whether there were differences in the foundries and differences in the effect on workers. That may not be the right way to do it, but what we were trying to do was to hasten the process. There was no other reason.

I mentioned Jerry Docquiers' comment about the wage differential before, and the concerns I had about the statement he made.

Finally you referred to Bill 188, An Act regarding Handicapped Persons. That was an act that was introduced to deal expeditiously with problems facing handicapped people. I think it did face the issues pretty straightforwardly. I have had some exposure to people with handicaps in a way that I don't think other people have. It is for that reason that I had Dr. Al Jousse, who I think is probably one of the most sensitive people, internationally respected in that area, put on the Ontario Human Rights Commission so he could be of assistance in the problems the commission would face. He himself has a significant physical handicap, so he has a personal as well as an educational and experiential knowledge of handicap problems.

I would like to think I have had some of that experience too. I stayed up with a variety of problems week after week trying to avoid the catastrophes of fractured spines

and so forth, with the inevitable paraplegics or quadruplegics, and looking after them in those difficult weeks and months that followed those devastating events. So I have an understanding of the problems of the handicapped.

I recall the concerns raised in the Legislature by members about specific problems—the Sudbury case of the man with diabetes. He would not have faced that problem with his proposed act. I recall the case of multiple sclerosis raised in Hamilton—she would not have faced that problem—and a variety of others. So this was a good act, designed to deal expeditiously with problems facing handicapped people.

I know the other criticisms. I know the question of ghettoization with a separate bill. I appreciate the arguments, and I'm not saying there isn't some validity to them. I would like to say, however, that the same arguments do not appear to be raised in Quebec. Nor am I advised that in the Quebec legislative debates there was any great hassle raised about the fact that particular recognition was given to the handicapped in a special way to emphasize their problem and to highlight an inequity facing a group, and that may have faced that group, for a long period of time.

1:45]

I hope the response of the opposition parties isn't shortsighted. I met with those handicapped representatives myself last Friday, indicated to them that certainly there may be some revisions that would have been required, and that I had some in mind myself. I indicated that I would take their concerns to my caucus and to my cabinet, which I will do today, and I will get back to them.

But in the flurry of all this activity, I think we must not forget what we are all interested in. That is to give some rights to handicapped people including the mentally retarded and those who formerly had a mental illness, which I think is a pretty broad and expansive and good bill. I sincerely hope the issue doesn't get lost in reactions to it. If I'm taking to cabinet for its consideration that I take to be the valid concerns of representatives of various interest groups in the handicapped community. I don't know what the results of those discussions will be, but they will be considered and we will try to put them in their proper perspective. But I wouldn't want anybody to think there was anything we had in mind other than to deal expeditiously with the problems faced by the handicapped.

Mr. Haggerty: I have a question, Mr. Chairman, that perhaps relates to the minis-

ter's policy, in particular to his opening statements.

Hon. Mr. Elgie: Excuse me, Mr. Chairman, can I interrupt for a minute? I have had a request from the Premier wondering whether I could ask the committee to terminate this meeting about noon, and if you wish come back early in the afternoon. Could I have that extra half-hour?

Mr. Chairman: I think there are some committee members who have other commitments, too, this afternoon.

Hon. Mr. Elgie: Could we start half an hour early tomorrow, then? I'm not asking for anything unusual.

Mr. Haggerty: Well, if it's urgent, I agree.

Mr. Chairman: If you have something to go—

Mr. Haggerty: I just have one question I want to ask; then I guess we'll agree the minister can be disposed of.

Mr. Van Horne: The disposable minister.

Hon. Mr. Elgie: Sometimes I feel I'm disposable.

Mr. Haggerty: I was wondering about the time allocated for the Workmen's Compensation Board to appear before the committee. Have you made any agreement with the committee here at all?

Hon. Mr. Elgie: I understood this year, as with last year—at least in March I believe it was—that there will be another series of meetings. I have had no representation to the contrary, and that's my understanding.

Mr. Haggerty: Normally in the past we have allocated a certain time in the ministry's estimates for the Workmen's Compensation Board.

Hon. Mr. Elgie: I understand that was before we set aside that period of time for WCB estimates.

Mr. Haggerty: So it would be a special—

Hon. Mr. Elgie: There would be a special period of time and special issues can be discussed then.

Mr. Haggerty: So the minister is going to leave at 12 o'clock?

Hon. Mr. Elgie: I won't leave unless I have your permission to.

Mr. Haggerty: I think we agree with that. I don't think we have any difficulties with that.

I thought I would start with your opening comments where you talked about staff. You stated that in 1975 the Ministry of Labour had a complement of 751 employees and a budget of \$18,760,000, while present staff is

about 1,200 with a budget of approximately \$43 million. Those figures can be misleading. I think the biggest expenditure there relates to the occupational health sector of some \$23 million. I suppose if you go back to the past four or five years you are only looking at an additional expenditure of about \$348,000 over that period of time.

I suggest to the minister that as important a ministry as it is to the social, economic and human resources in the province, I feel this isn't a sufficient amount of funding. It is less than one-half of one per cent of the total provincial budget. If you look at it in one way, this ministry spends the least while it is perhaps the most important ministry as it relates to the provincial gross product of \$78 billion in 1978. If you look at the percentage in Labour, it actually is a drop in the bucket. Perhaps this is where some of the problem lies throughout the province when it comes to certain cases of mediation and conciliation.

I appreciate the services I've received from your ministry in the past—particularly from the employment standards branch. Every time I've brought an inquiry to them it's been looked after and the matter has been resolved. I know in my past relations with the ministry, particularly with Mr. Dickie, I've had good results. Mr. Dickie is with the labour relations section, in conciliation. He's one of the province's chief conciliation officers. I think almost every Liberal member has had pretty good dialogue with your ministry.

Perhaps we can't agree with everything that's come about, but I think we have to accept it. Being a union man myself, I've often taken the approach that government is a process of bargaining. Too often, I think, we forget that. Sometimes you have to bargain with the government to implement new measures to improve labour relations in the province. We in the Liberal Party have presented a private member's bill, hoping the government may graft something from it to improve labour relations in the province. I've introduced some here myself.

When I look at what we've provided for the unions in the province, we provide little for the non-unionized employees in the province. They don't have access to the Labour Relations Act or the labour relations board. They can be dismissed, perhaps unfairly, from employment. I suggest this is an area of improvement you should be looking at.

I think the minister should be applying to the cabinet for more funding to provide improved facilities throughout the province as related to labour relations, such as in the

matter of Radio Shack. There are provisions of the act under which the board can act and apply an agreement—section 90, but I think, section 14 can apply to it too.

Sometimes we sit back and say, "Why didn't the board members respond much quicker to this and remove the confrontation from the streets?" I suggest that maybe in cases like this there should be some direction or a little more initiative by the board to apply that section. I think it could have been applied where there is certification and at Fleck Industries too. There are provisions there. They have to take the bull by the horns at times.

I think there's a case under the Labour Relations Act whereby the industry can be taken to the criminal courts and charged for the misgivings they've been trying to impose on their employees. There are provisions explained there in detail to correct measures like that. The government could move with a little more haste, so that we wouldn't have the difficulties on the streets.

I know my colleague, the Liberal critic has a bill to remove nonstrikers' rights in the province. This is a good piece of legislation. I think the member for Samia, when he was the Liberal critic, suggested nine amendments to the Labour Relations Act to improve the process in this area of negotiating a new agreement and to remove strike breaking.

You mentioned Columbus McKinnon in St Catharines. We lost 200 jobs in the province due to a lengthy strike there. Those employees were on strike but they're working someplace else. They didn't give a damn about that plant being closed down and going back to the United States. I've got letters from industries in the Niagara Peninsula who bought their product, the chain hoist, and are having a hard time getting replacement parts now from the parent plant in the United States because of different voltage in the electric motors. I think it's 550 and 450 over there. It's hard to obtain certain parts for them.

I suggest if there's going to be a strike in an industry, I don't think the employee should have a right to be employed any place else in any other industry. And I don't think management should have a right to bring in strikebreakers and new employees as they're doing to carry on in the work force in the industry. I think you've got to draw the line here some place. It does have a serious impact on the economy and on the community involved.

I know the strike at the International Nickel Company was a well-planned and well-coor-

trolled strike. There were no difficulties in the community itself resulting from the frictions of the strikers or the management. I think it was done properly for a strike. I think there are areas where that can be done.

I've asked the minister at different times about his ministry's impact study related to the long strike in Sudbury. Is that available to the members of the Legislature now? Has that study been completed?

Mr. Armstrong: Our research branch, during the course of that dispute, did an impact study, I think, about three quarters of the way through the strike. I would see no reason why that couldn't be made available.

The federal government—I'm not sure what the basis of their jurisdiction was, although they had a concern—did a study as well. I think we have access to that and I see no reason why that study could not be made available.

Mr. Haggerty: You have completed the study then?

Mr. Armstrong: Yes.

Mr. Haggerty: The federal government has one completed or is it still working on it?

Mr. Armstrong: We have the federal study.

Hon. Mr. Elgie: We have them both. We'll be glad to provide you copies.

Mr. Haggerty: Has the minister any other comments on it—just a few short comments relating to it?

Hon. Mr. Elgie: It's difficult to relate the Inco strike to the other strikes we're talking about, particularly where the employer has a stockpile and where keeping the business going wasn't an issue.

Mr. Haggerty: Both you and I and, I think, Bob sat on that committee dealing with the Inco layoffs.

Hon. Mr. Elgie: We can provide you with the study so if you have any comments based on it we'll be glad to have those.

Mr. Haggerty: I would appreciate receiving that.

It is close to 12 o'clock. We can adjourn now and continue later on.

Hon. Mr. Elgie: I want to thank the committee.

The committee adjourned at 11:58 p.m.

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No. R-38

Legislature of Ontario Debates

Official Report (Hansard)

Resources Development Committee

Estimates, Ministry of Labour

Third Session, 31st Parliament

Thursday, December 6, 1979

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

THURSDAY, DECEMBER 6, 1979

The committee met at 8:08 p.m. in committee room 1.

ESTIMATES, MINISTRY OF LABOUR (continued)

Mr. Chairman: We have a quorum. Mr. Haggerty, you had a few minutes to finish up.

Hon. Mr. Elgie: Mr. Chairman, before we start, we mentioned to both the opposition critics that there is a minor problem about the main office vote in that Dr. Fraser Mustard from the Advisory Council on Occupational Health and Occupational Safety can't be here tonight. I asked members if we could put that off to another day and suggested we were ready to go on to the Quality of Working Life, because Dr. Hans Van Beinum has some problems next week. They were going to think about it and let us know tonight.

Mr. Van Horne: If I could add to that, these things mentioned by the minister tie in with my concerns that the time we are spending on estimates in the Labour ministry is time that would seem to drag us right on into the end of December.

I have to wonder if it isn't possible for us—and I mentioned this to the critic for the New Democratic Party—to spend additional time, perhaps on Wednesday next, to try to shorten the time we might have to spend in the third week of December. That might drag us on into December 18, 19 or 20.

It would seem to me that aside from the 23 hours devoted to the estimates debate here—maybe longer and perhaps an extension of what is absolutely necessary—are hours that we could cut back on to allow the members of all three parties to be away from here prior to December 21, or even December 20.

In fairness, I passed this on to you and to the critic of the New Democratic Party as an aside as I came into the building at noon hour. I realize the NDP critic is tied up with a lot of commitments. I don't want to embarrass him in any way, shape or form, but I do feel that if it's at all possible for us to devote a little extra time here next

week, we might be able to cut down our commitment to the 23 hours we had as total hours in the beginning of the estimates process.

With that I would ask if we could spend a moment on the total hours we're spending here in the estimates debate.

Mr. Bounsall: The minister wanted you to stand if you're willing to sit on December 27 and 28.

Mr. Van Horne: I'm prepared to sit here, even on New Year's Eve, if that's okay with you folks. But I do feel, as I look at the order paper today, that very few of the estimates sessions are left to debate. If you would take a moment to look through the hours, I would have to say that we can't use the argument there are other things going on in the House. In fact, all of the other areas, except for this one, seem to be wound up.

Mr. Bounsall: That was a very facetious remark on my part. I know the minister would want to, but I don't want to.

Mr. Mackenzie: In response, Mr. Chairman, I think we should continue with the first vote tonight. I don't think we'll finish the first vote tonight. The people who are not here may be able to come back on that. I see the longest period of time involved in the first vote, as happened last year.

I have no objection to adding a half hour, although we missed a half hour at the last session.

Mr. Chairman: That'll be next Wednesday.

Mr. Mackenzie: Beyond that, our caucus has taken a pretty firm position that once we've negotiated the hours, that's it. I think where we look for any time, if there is a possibility of doing what my colleague from the Liberal Party says, is towards the end. I have a hunch that once we get through two or three of the controversial areas we may not need all of the time on the subsequent votes. We may find we can wind it up with less than the 23 hours. I think it has to be at the end of the list where we would look for it. As it is now we would finish on the last day of the House—if we have to go the full-time.

Mr. Bounsall: I think the problem is—and it's one that our House leaders also have to sort out—the number of committees that are meeting at any given time. I believe some of the estimates will be clear from some of the other committees, as you've said, but there are tag ends of bills and various other things that are also out in those committees. I think it's a good suggestion, but I think we'd have to clear it through our House leaders so we don't get any more than two, or at most three, committees sitting.

Mr. Van Horne: If I could sum up, having sort of interfered with the business of this evening, I would submit that the other estimates are by and large finished. The argument has always been that we can't extend our hours of debate on Wednesday, as an example, because other things are happening in the afternoon.

It would seem to me, having looked at the order paper and having spoken to our House leader, that there is the opportunity to make up some time in the next week. I would submit that if the House leaders put their heads together—and I have respect for all three of them—we wouldn't have to wait until the end of the second week from now. Rather, we could put our House leaders to the task of determining that there could be time found in this next week. If we did that, not only would we be doing a service to ourselves but we would be doing a service to the whole House.

[8:15]

If we are the last business of the House we would help by seeing the members out of here not on Friday December 21, or Thursday evening December 20, but perhaps even a day or two earlier.

If a point could be made, for the human aspect of what we're trying to do, we spend too darn much time bumping our gums and trying to find excuses for being around. In fact, we should get the business done, get out of here, get back to our families and our constituents, and return to that human route where we might sort of repump ourselves. This is not a human or a real world. It is unreal.

Mr. Bounsall: This is the real world.

Mr. Chairman: Your remarks are well taken. I honestly think that if each respective group takes this back to the House leader, they can work out a solution. We will co-operate.

Mr. Van Horne: I appreciate that.

On vote 2401, ministry administration program:

Mr. Haggerty: The other day when we adjourned, I believe I was discussing with the minister the matter of the lengthy strike at the International Nickel Company in Sudbury and a study on the social and economic impact on the community. I think the minister had indicated he would be tabling such a report.

Hon. Mr. Elgie: I said I'd distribute it to the members here.

Mr. Haggerty: That's right. I was looking at the minister's opening statement on page 15, which I'm concerned about. I thought we might be giving some consideration to the area of reducing the number of days lost through lengthy strikes. The Inco strike indicates the serious impact such a strike can have on the economy of the province.

It says, "As a result, man-days lost to work stoppages during the first eight months of 1979 were almost 50 per cent higher than for the corresponding period of 1978, in large part due to major Inco disputes." That's rather a serious matter when a strike in one industry can increase the man-days lost by that much. I was hoping perhaps the minister would be giving some consideration to bringing in some legislation that may prohibit a lengthy strike.

We in the Liberal Party have taken a moderate approach to resolving some of the areas of labour disputes in Ontario, and we have introduced a private member's bill. The purpose of the bill is to devise a mechanism whereby the Lieutenant Governor in Council can order a 60-day suspension of a strike or lockout, or order a return to work where the strike or lockout constitutes immediate serious danger to life, health and safety, or seriously disrupts the economy of the province.

When I introduced the bill, we did get some catcalls from certain members of the Legislature. This has worked very effectively in the United States. I think we can see there are no longer serious strikes in the steel industry in the United States. In this area, Congress has a piece of legislation it can apply to a strike that would have a serious impact on the economy. It's worked very successfully. They very seldom use it, but it's there. There's a little leverage there.

If we had had some legislation I don't think we would have had the long and serious strike at the International Nickel Company at Sudbury. There are other key industries in Ontario that could enter into a strike that could be lengthy and costly. I was hoping the minister may have a few comments to indicate whether his ministry is

contemplating any changes in legislation to prohibit a long and bitter strike.

There are other areas I thought of when I looked at that section as it relates to the unemployment situation in Ontario. I know that Ted and I have discussed the matter of the 40 hour week on a number of occasions. I've also discussed with Mr. Scott of your employment standards branch, my concerns about the piece of legislation in effect now. I think there is abuse of it by certain industries in the province. They can perhaps coerce an employee. In one instance brought to my attention instead of asking the employee to work on Saturday or Sunday the company posted a notice on the bulletin board saying the plant would operate both those days without consulting the employee. There had been a special threat made to the employee that his job would be on the line and he would be dismissed if he did not follow that rule.

The argument put up by the union was that they had to consult each employee, which the company did not do.

I find, particularly in the Niagara Peninsula where we have key industries, they are working Saturdays and Sundays. There is all the overtime one wants. If you want to create additional employment in the province, when a union goes on strike for a 40-hour week, somewhere along the line there has to be a clear understanding among the industry and the employees of the contract as it relates to the present Employment Standards Act, where the government and management can make an agreement to work beyond the 40 hours a week. They can go to 48 hours. They can go to 56 hours in the construction industry.

If we want to create additional jobs in Ontario we're going to have to take a look at this 40-hour week and perhaps reduce what is on the present legislation. I think it's 44 or 48 hours and 56 or 57 hours in certain other industries. I know we have industries that could put an extra shift on that would employ a number of persons. We have cases where industry will not hire any new employees. They use employees they have and work four shifts through weekly periods.

I would like to see some major changes here. Alternatively there should be a clear understanding of under whose jurisdiction his falls—whether the contract overrides the provincial legislation or the provincial legislation overrides the union contract. Those are the points I wanted to raise and I wonder if I can get a response from the minister or someone in the ministry in this area.

Hon. Mr. Elgie: The first question you raised last night was with regard to the funding of the ministry. Mr. Webster, do you want to come up to the microphone and review the increased funding over the years and the reasons for it?

Mr. Webster: I might deal with the increase in even millions of dollars. I always find them easier for people to understand. In 1979-80 our total budget is \$43 million.

Mr. Van Horne: Let's get this right from the top. I missed some of your comments as you were sitting down and getting your note paper out. Could you start again, please?

Mr. Webster: I have summarized this in millions. In 1979-80 our total budget was \$43 million. In 1976-77 it was \$19 million. That is an increase over the period of \$24 million, of which \$18 million is directly attributable to occupational health and safety. That leaves the remaining \$6 million for other programs.

Mr. Van Horne: I'm sorry, you've got to go again because those numbers just don't sit. Could you run through those numbers again, please?

Mr. Webster: The 1979-80 estimates are \$43 million. In 1976-77 the estimates were \$19 million.

Mr. Van Horne: You haven't got them for 1978-79. There's a gap in there.

Mr. Webster: I was giving you the four-year period, because 1976-77 was the last year of our estimates without the occupational health and safety. As I understood the question, it involved how much of the increase over this period is attributable to occupational health and safety.

Mr. Haggerty: The matter I raised concerned the Treasury's estimates given here previously; it was that of \$43 million or \$40 million. The biggest percentage of that was allocated to occupational health. If you take what you've spent on occupational health it was \$23,892,000. Based upon what you spent in 1975, it was \$18 million or something like that—\$18,760,000 in 1975.

The total cost of administration for the Ministry of Labour, including the occupational health costs, involved a difference of \$348,000 between the 1975 total cost of administration and the 1979-80 cost. This amounted to about \$90,000 per year for the four-year stretch, if you can follow me in that. I didn't think it was a sufficient amount of funding for such an important ministry, as it related to human resources.

Mr. Webster: I'm afraid I didn't follow your comments there.

Mr. Haggerty: I said that what you were spending in the four-year period was only \$348,000 for administration of the Ministry of Labour, leaving out the occupational health allocation of roughly \$23 million. I was just raising the point that it's less than one per cent of the total provincial budget.

Mr. Armstrong: I understood the question arose as a result of the statement of the minister in the opening of the estimates that in 1975 the ministry had a budget of \$18,760,000 and today, in this debate, we have a budget of approximately \$43 million. Mr. Haggerty's suggestion was that, in the main, the increase was attributable to the increased mandate in occupational health and safety. I think Mr. Webster has a response to that specific question. For the record, he should give that and then you could record those figures and see whether it responds to your question or not.

Mr. Haggerty: Okay.

Mr. Armstrong: Do you want to put those figures on record?

Mr. Webster: If I may repeat this, in 1979-80 our budget for estimates is \$43 million. For the year 1967-77 we had an estimate and expenditure of \$19 million. This reflects an increase over that period of \$24 million.

The \$24 million can be broken down further. Occupational health and safety have received \$18 million. That is an increase over the industrial inspection branch and the construction safety branch at that time.

Mr. Van Horne: You said "estimates." Is that actual, now, we're talking about?

Mr. Webster: I'm dealing with estimates—estimates to estimates. That leaves then a \$6 million increase to all other programs in the ministry.

[8:30]

Mr. Van Horne: I'm sorry, Mr. Chairman, these numbers—

Mr. Chairman: I think this is what we get into when we're jumping from one vote to another. I thought the critics had spoken and covered the ground fairly well and then we were on vote 2401. But now according to this information I think we're on vote 2404, occupational health and safety program. I think this is perhaps what's confusing us. If you don't follow it after the opening remarks, I don't know how you're going to cover it.

Mr. Van Horne: If I may speak for our party, myself and my colleague, it would seem there is a bit of overlapping here. Our intention is not to confuse the issue. We are

satisfied to leave that, although I must admit the numbers presented to us are not sitting well; they seem to be in conflict with other numbers we have. I will defer to my colleague who posed the question, but personally I would be prepared to wait until vote 2404.

Mr. Chairman: I hope you would get it in more detail.

Mr. Haggerty: The main point of what I was trying to convey to you was I didn't think there was enough money allocated for the administration part as it relates to the Ontario Labour Relations Board and enforcing the acts and perhaps improving them. The figures I based it upon was the 1975 figure of a total cost for administration of \$18,760,000. If my figures are correct if you take the \$23 million and something off the \$43 million for 1979-80 it leaves about \$19 million or \$20 million. If you subtract the \$19 million from what we are looking at, it is an increase of about \$350,000 over that four-year period for administration.

The point I'm trying to convey to you is that over the years I don't think there have been enough funds allocated to the Ministry of Labour. I think it's one of the most important ministries in government functions in the province. I'll let it go at that.

Hon. Mr. Elgie: Maybe we can explore that in greater detail when we get to those areas. I thought it was clear that there was a \$6 million difference. Isn't that what you were saying, Mr. Webster?

Mr. Webster: That's right. Actually over the period from 1976-77 to 1979-80 the budget increased by \$24 million. I broke this down into two areas, one being the occupational health and safety in total. Their increase was \$18 million. The other \$6 million was spread throughout the rest of the ministry. If there's any further information you wish to have I will be very happy to get it for you.

Mr. Van Horne: Part of the problem may come from the minister and his staff being quite familiar with all of the things that go on within and our suffering from being on the outside. It's like the little kid at the candy store. He burns a hole through the snow with his nose and he can hardly see what the hell's going on inside. You guys are inside, so we'll keep burning the holes and hoping that we can catch up with what's going on.

Mr. Chairman: Have you any more, Mr. Haggerty?

Mr. Haggerty: No, I can come back. When we get onto the vote perhaps we can go into more detail on it.

Mr. Chairman: Are you finished now?

Mr. Haggerty: I thought the ministry was making replies here.

Hon. Mr. Elgie: Mr. Haggerty then made some comments about occupational health and safety education in the unorganized sector. That is a problem. I hope the creation of health and safety committees in each work place will contribute in some way to improving that. That's a great concern the advisory committee has. A memo relating to that will be forthcoming. The chairman has spoken to me about some effort to provide programs in community colleges. It is a problem; I understand that.

I've gone through the various educational efforts we're involved in, including the grant to the Ontario Federation of Labour, and I acknowledge there are concerns about how one gets into the business of educating those in the unorganized sector. Of particular concern to the advisory council is the area of small business. However, those are all matters it is addressing its attention to, and I look forward to its advice on methods of dealing with the problem.

You made reference to criminal charges relating to anti-union activity. I haven't got the exact information, but I believe there are charges of conspiracy to defeat the purposes of the Labour Relations Act currently pending against S.S. Kresge, Dylex Limited, and I think one other—I can't remember. It's true, there are some criminal remedies in relation to anti-union activities and those are three examples of them currently before the courts.

In the Inco strike, you made reference to the problem of man-days lost. I made some reference to that in my remarks last night. In 1978, there were about 500,000 man-days lost in the carpenters' strike and there were close to another million man-days lost in the 1978 part of the Inco strike. Those two figures combine to give us a relatively high man-days lost strike period, even though we have a relatively low frequency of strikes; also it's said the propensity to strike is much lower. I agree we have to be concerned about any situation that contributes in an excessive way to man-days lost.

I don't know what the answer is. You've suggested a cooling-off piece of legislation. I haven't had any experience with that approach to it, but I believe the deputy has had some experience with that matter. Perhaps he could comment on it.

Mr. Armstrong: It's been some time since I looked at the Taft-Hartley Act, but we're talking about a Taft-Hartley principle when

we're talking about cooling-off periods. The most recent experience in the United States with Taft-Hartley, I would venture to say, was not the happiest. The president has the power to invoke Taft-Hartley in cases of national emergency.

Mr. Van Horne: What power does the Premier have?

Hon. Mr. Elgie: I think Ray made reference to the cooling-off legislation in the States and the great value it was. I'm asking the deputy to outline the history of that legislation in the United States. I've never had to review the problem.

Mr. Van Horne: Sorry, I'll bite my tongue.

Mr. Armstrong: The only piece of legislation in North America to my knowledge comparable to the principle contained in Mr. Haggerty's bill is the Taft-Hartley Act, which empowers the President to invoke a cooling-off period under some pretty complicated circumstances where the strike is one which affects the national interest. He did so in the case of the strike of the United Mine Workers. A cooling-off period was ordered by the court and was violated, contravened and ignored by the United Mine Workers.

I would say that on the basis of recent experience with the Taft-Hartley Act, the provision of a cooling-off period in the statute has limited value. One can speculate as to what might have happened if that power has been present in the Inco dispute. It would be imprudent for me to speculate as to what might have happened, but I think I can say on the basis of the US experience it's not been a particularly promising piece of legislation in recent years. Some might argue that it would be an unwise precedent to follow. I think, as an adviser, I would not care to say more than that.

Mr. Haggerty: You made reference to the coal strike in the United States. That did hold some edge there; it did get them back to the bargaining table. There were penalties that followed too, I mean for those who violated it. It did eventually get the parties back to the bargaining table, and that is the most important thing. I'm not saying the Taft-Hartley bill was a good bill, but there were some good points in it. As Mr. Mackenzie said the other night, there are good pieces of legislation over there. Maybe the whole bill is not acceptable to everybody, but there are some good points and some good measures in it that could be used here.

Mr. M. Davidson: You misconstrued my colleague's statement.

Mr. Van Horne: My colleague is addressing himself to a principle too.

Mr. M. Davidson: We understand that.

Mr. Van Horne: I am glad you understand.

Mr. Armstrong: It is very simple when you either have the cooling-off period or you don't.

Mr. Haggerty: Some of you fellows have never been out on strike. If you went out on strike here and lost your wages for a month and your families had to suffer, I think you would think twice too.

Mr. M. Davidson: If I gave you my background, you might understand.

Mr. Haggerty: I have been out on strike too and I know the hardships that are there. So don't tell me. I was out on strike for four months and finally the company went broke.

Mr. M. Davidson: You would accept a cooling-off period?

Mr. Haggerty: I think if we had had it at the time, our industry would still be employing people today.

Mr. M. Davidson: You are riding the fence and you know it.

Mr. Haggerty: No, I'm not. I would just say there are some good points in that and it is good leverage that can be used by the government.

Mr. M. Davidson: Those who straddle both sides usually end up with a hernia.

Mr. Haggerty: Where there is an impasse, I think you can use it effectively. That's all I am suggesting.

Mr. Bounsall: In the Inco strike, they would just have stockpiled two more months' worth of production and that would have meant a longer period, surely, before the company made a final offer. There would have been a longer total period off.

Mr. Haggerty: I did mention the other firm in St. Catharines—I believe it was Columbus McKinnon Limited—where eventually we lost the industry and 200 jobs. We can't afford to lose 200 jobs in Ontario. That's the point.

Mr. Van Horne: Mr. Chairman, I just wanted to pass comment. I don't want to interject on my colleague, but he makes a good point in so far as he addresses himself to the principle. There have been asides cast on Sudbury about which some of the members in the third party have observations, but in fact that is not germane to our point here. If they want to talk about how badly off some of these Sudbury folks are, then we

should set aside time for that. Let's get on with it.

Mr. Chairman: Continue, Mr. Haggerty.

Interjection.

Mr. Van Horne: You can deal with all of those funny little asides. I am tired of taking nonsense from you people. I really am.

Mr. Mackenzie: Good, good.

Mr. Van Horne: Okay, the lines are drawn. You carry on with the crap that you are carrying on with, and we will present ourselves as concerned.

Mr. M. Davidson: I didn't see you present at the Oakville convention.

Mr. Chairman: Mr. Mackenzie.

Mr. Van Horne: Was that the point?

Mr. M. Davidson: That is the point I am making, yes.

Mr. Van Horne: Carry on. You are doing very well.

Mr. Chairman: Order, please. Mr. Mackenzie has the floor.

Mr. Mackenzie: Since we are on the first vote, administration, and since I think there are a few things, a few of the niceties, we still need to get out of the way from the opening statements, I would like to just start with a few comments on the minister's response to my leadoff as it relates to the ministry administration. I want to tell you first, Mr. Minister, that I am personally glad you found my remarks offensive.

Hon. Mr. Elgie: I am glad to comply.

Mr. Mackenzie: Your own hyperbole really bothers me very little. This is the first set of estimates where we seem to have touched a bit of a sore point with your ministry and got through some of the sympathy and good intentions. Frankly, that is exactly what I had hoped we would do. I was personally getting a little sick of it and I am glad it may be over.

I want to tell you, and I tell you very frankly, I admire your defence of your staff, most of whom, I agree, do a good job within the framework of a lousy party and a lousy government overview, frankly.

[8:45]

Having said that, I find it a little bit sad that you yourself and some of your staff—and I am pretty thick-skinned—found it more prudent to burn the midnight oil to attack my remarks, rather than take an honest look at whether they were giving you good advice, because I think that may very well be at stake.

There may be some desk-pounding that goes on in your ministry that we are not

privity to, but my charges I think were very clear. We are seeing in this province, whether you see it or not, a perception in the trade-union movement that there is an increase in union bashing, and anti-union attack that we have not witnessed in a number of years in Ontario.

Some employers in this province seem to be taking advantage of the atmosphere, and feel that maybe they can revert to the Norma Rae type of union operation in Ontario. You yourself know of a couple of the obvious examples. Some of the kinds of situations we have had in the southern States seem to be trying to invade this province.

All the charges I made in my opening statement, including the master-serf relationship charge, were made by me a year ago.

All of a sudden this year they seem to draw blood.

The facts are the situation is worse this year than it was a year ago, but little has been done on any number of the issues I raised with you.

It is a bit of a facetious argument, and pretty weak to boot, to say that we want you running around interfering in every example of labour problems. I don't think I said that. If you took that inference out of my statement, you took the wrong one. I did say, and I thought very clearly, that it was long past time, given some of the nasty examples we have had in the province—and this is what concerns us—that both you and your staff have real credibility. And that you take up three or four of the more obvious cases, including, Mr. Minister, as I tried to say in my opening remarks, the misuses of the police.

A little aside on that—the answer I got on some of the other strikes was revealing. It was very interesting to know that over a fair period of time we are spending over \$10,500 a day and—even if you exclude salaries—over \$7,100 a day in the Boise Cascade strike.

If you add the millions-plus we spent at Fleck, you get some idea of what I am talking about.

That Boise Cascade strike is per-day additional costs—better than \$7,000, excluding salaries for the OPP officers on the scene.

It is important that you take some of the more obvious cases, and stand up and clearly say: We are not going to have this kind of anti-worker, anti-union activity in this province.

I happen to think that a darn firm statement is needed on some of the obvious cases, and I don't know of a better one than the case of Radio Shack. It has been

obvious for a year what was going on—to everybody but those that wouldn't see. Take a few of these examples and put yourself on record very clearly stating that this kind of stuff is going to stop. We fail to see that kind of a positive statement from you on workers' rights. If somebody in your ministry is going to hold senior, or deputy minister status, then I think they have an obligation to make that kind of an argument with you.

They may have done it, I don't know; as I say, we don't know what kind of desk-pounding goes on in your ministry. But if they didn't then they were remiss in their duties as well. You can cite all the day-to-day activities that you want, as you did in your defence yesterday. I appreciate a number of things. I have told you on many occasions that I have had the best co-operation out of employment standards. There are a heck of a lot of strait-jackets, as I'm finding out, and we'll have some things to say when we get into that part of the estimates. Some specific cases have come up in just the last few weeks that you don't seem to have the ability to deal with. Generally speaking, the co-operation and the work of those people is good. It's not the day-to-day work that concerns us. It is the deviations from the norm, if you like, that cause the problems. When those deviations are serious, and when we get increases in them such as we have had, that is what causes the undermining of trust in the system. That is why, there should have, long ago, been some clear statement from your ministry about what you are going to do as a result of some of the activities.

The Judy Harvies and the Marlene Kings and the women we saw interviewed in the film on Radio Shack are those I have talked to. There are some pretty sad people in the Canadian Gypsum case and at Fleck too. When I was there, they clearly understood exactly what I was saying in my leadoff remarks. Their feeling was strong; their feeling was one of frustration and there was an inability to understand where any protection was, as far as they were concerned.

It might be advisable for the minister—maybe that is asking a little bit much of a minister, but for some of his staff as well—to be exposed periodically for a week or so to those people I have mentioned. They might keep in touch with reality a little more. It is reality, you know, to those on a tough picket line.

It is not upsetting negotiations to be out talking to somebody who had the treatment I mentioned, someone who is worried about what was taken as a threat to burn his house

down. This was thrown down at their feet by somebody tearing around them in a car.

If you start talking to some of the people who are really feeling the pinch—some of the fellows on that picket line at Canadian Gypsum for example—you will see it is reality to them when they are being intimidated by the company and by the police. They see the police daily assisting strikebreakers through the line and then they have to wait weeks and months—as we did for example in the Radio Shack case—for a decision that might offer them some hope. It is not a legalistic game to these people; it is a real-life game. I think we are losing sight of that on occasion.

The minister also cited his tough talks with companies of the Columbus McKinnon Limited type. But I ask him if we were tough enough to say, "If you shaft the workers in the community, then you don't sell your products in Canada", and then take steps to see the facilities are there to employ the workers and fill the orders. The minister may argue that we haven't got the authority and a lot of other things, but the fact is that company is still profiting and still exporting to Canada. We have an additional drain there now in terms of our purchases from them. The only losers are the people who were involved: the community and us as a province.

We don't see any answers in branch plant economy, and that also may be difficult for your ministry specifically. But let me give you another very recent example: the closing of four of our either eight or nine operating iron mines in the last two years—one of them just a month or so ago. I think this underlines the very point I am trying to make. We are importing more in that field. We lose the dollars, we lose the jobs, we don't see any attempt to integrate what is a useful and efficient industry like steel with the basic resource behind it. The people suffering, once again, are the employees who are involved.

I regret nothing I have said, and I want to let you know there is only one reason I would hope we meet next year. That would be to measure the progress—exactly what I was trying to do—against the answers we got a year earlier. If there is no more accomplished next year than there was in the past year, I'll make a point to be nowhere near as restrained as I was in my comments the first time around.

But if you people somehow or other can grasp the nettle, and if we see some real improvement in some of these serious problems, I'm going to be the first guy on this

committee, providing I am still here, to eat crow. I would be happy to do it.

One final remark: I also thought the argument that you get exposed to both sides of the argument a little bit weak. We do too, although you don't accept that. I know you think my approach is totally one-sided, with no understanding of anybody else's view. I accept your feeling on that. But to think some people might accuse you, Mr. Minister, of being a Communist is a little bit far-fetched.

Hon. Mr. Elgie: Come along with me one day.

Mr. Mackenzie: You probably should worry, because there are some comparisons. I want to tell you that some of my Liberal colleagues might think you are a little pinko, but beyond that the danger you should be concerned about is that the only other political party I find as totally dogmatic and inflexible as the Conservative Party is the Communist party. Maybe that is a comparison that should bother you, Mr. Minister.

Hon. Mr. Elgie: At least you said it more nicely tonight, Robert.

Mr. Mackenzie: Next time respond to the argument.

Hon. Mr. Elgie: We each have our own right to decide; that is fundamental to the whole process.

Mr. McClellan: I wish you would tell us who called you a Communist.

Hon. Mr. Elgie: I think I said all I had to say last night, and covered the topics you have covered tonight. Maybe you think it has been a poor year from your perspective. I think that from the perspective that lies in between, some would say it has been too good a year, and others would say it has been too bad a year. I think we didn't have a bad year.

Mr. Mackenzie: I don't find my people taking that in-between viewpoint at all.

Hon. Mr. Elgie: I understand that. You made that point last night. I think there have been some fair accomplishments this year, and I have no hesitation in saying I am proud. But what annoyed me last night, and I hope I got the message across to you, was that I don't think it was fair—and I think that is putting it nicely—to attack the civil servants who aren't in a position to respond to it—in this forum, or any forum. If you want to attack me, have your fun, but I didn't think that was fair.

Mr. M. Davidson: I have never known either you or your staff to be bashful in defending yourselves.

Hon. Mr. Elgie: If that's a challenge you might just get it now.

Mr. Mackenzie: They are also in a special category, Mr. Minister.

Hon. Mr. Elgie: Having been thrown that challenge—what is your name, Deputy Dog? Come on.

Mr. M. Davidson: I happen to know him very well.

Hon. Mr. Elgie: Super Deputy we call him here.

Mr. Armstrong: Since Mr. Mackenzie mentioned the deputy minister, perhaps I may be permitted to respond to the implicit allegation that a deputy minister or an assistant deputy minister has an obligation to speak out and speak his mind on issues which trouble him—in relation to industrial relations and in relation to particular disputes.

Mr. Mackenzie: The serious ones; I am sure you recognize the seriousness of some of them.

Mr. Armstrong: I wouldn't pretend to give you any lecture in political science or on the role of a deputy minister. I think at least one of your colleagues, and I have no shame in identifying him as a former client, will tell you that for 16 years I took a great deal of pleasure in speaking out on behalf of a particular interest group in society.

To be very frank, I see one of the frustrations of the job I now hold is the obligation as a public servant to maintain some credibility. I should not pretend I am the Minister of Labour. By not doing this, I might preserve the ability, with the assistant deputy minister, to help in the resolution of disputes. If I were asked to speak out on the Boise Cascade dispute, I can tell you quite frankly I would have to be critical of both sides. I don't think that would be productive. The Boise Cascade dispute is one of the most troublesome disputes this province has seen in many years.

Mr. Mackenzie: But would that include the kind of misuse of the police force there, aside from the fact there are problems otherwise? There are a couple of other disputes that could be used as better examples.

Mr. Armstrong: That was the one you raised. I am simply telling you it is very troublesome for a member of the public service, if that is the suggestion, being seriously asked to make public pronouncements and attribute fault to one side or the other in a particular dispute.

Mr. Mackenzie: I don't want to stop your comments because I accept them.

Mr. Armstrong: But you do.

Mr. Mackenzie: I never said it was you who was supposed to speak out. I said we don't know what kind of desk-pounding goes on within the ministry, but it would seem to me that with the kind of experience there, there should have been some advice to this government to the effect that some of the things that were going on, and the attitude it was creating, had to stop. The minister is the one who should have been speaking out, I have accepted that from day one.

It seems to be that some of the seniors, at least, in this department, have had enough experience and background to know what this does to the whole climate.

Mr. Armstrong: Mr. Mackenzie, you are goading me into getting into a position of making a political speech. I have told you that is not my role. Let me remind you that, in the case of Boise Cascade, there was a disputes advisory committee appointed. A former leader of your party was a member of it. He was, unlike myself and unlike Mr. Pathe, unfettered in the role he had to play on that disputes advisory committee. He did submit a report on that dispute to the Minister of Labour. That report was made public.

I am at a loss to understand what you expect the permanent staff of the Ministry of Labour to do, or the minister to do, that wasn't done by that disputes advisory committee. I think you picked a bad example there, if I may say so.

Mr. Mackenzie: I mentioned that to point out the cost of the police involved in that one—

Mr. Armstrong: That is somebody else's estimates.

Mr. Mackenzie: —and some of the additional information that would show some real unsavoury tactics in terms of the workers involved. There is no question you have some internal problems there as well. But you could have taken Radio Shack as another example, or you could have taken the Canadian Gypsum plant as another, or it could have come a year ago and might have stopped some of these in the case of Fleck Manufacturing.

Mr. Armstrong: One can't take Radio Shack as an example. Radio Shack has been in continuous litigation ever since that melancholy event occurred. We've seen recent examples of being in contempt of tribunals. How can you seriously argue that a public servant can comment upon a matter which is before a duly constituted tribunal?

Mr. Mackenzie: I haven't asked you as a public servant, all the way along. I am asking, why hasn't the minister? Why hasn't

your advice to the minister been to the effect that what is starting to happen in Ontario is not good and has got to be stopped? Why don't you advise against some of the anti-union or union bashing activities that are going on?

Mr. Armstrong: Oh, but the premise—

Mr. Mackenzie: From day one, I never said it should be one of the deputy ministers who makes the comments.

[9:00]

Mr. Armstrong: The premise of that question is that the Minister of Labour is not getting sound advice from the staff. For better or worse, you're not privy to that advice, and for better or worse, under the Public Service Act I'm not in a position to tell you what that advice is. But I can tell you this, I'm not ashamed of the advice he's getting from me or my senior staff.

Mr. Chairman: That being said, I should advise all the members that when they're criticizing a ministry, they should direct their remarks to the minister. After all, he is the one who's responsible and who has to answer. It's not the civil servant. Frankly, I've been here when a deputy minister has made a statement before the minister made it and he was fired.

Hon. Mr. Elgie: You're not fired.

Mr. Chairman: He didn't have the authority, politically, to make it.

Hon. Mr. Elgie: If you go, I go.

Mr. M. Davidson: The deputy responded to a statement I had made on the advice of the minister.

Mr. Chairman: Yes, I realize that. That's through the minister. But normally direct your attention to the minister, and then the minister can call on some of his subordinates if he needs assistance to answer.

Hon. Mr. Elgie: I hate that word "subordinates."

Mr. Chairman: Are you finished, Mr. Mackenzie?

Mr. Mackenzie: Except for two small points. I heard the comments about the 40-hour week, and I remind some people in this room that we couldn't get support for the 40-hour week when we moved the bill a couple of years ago. I hope the recommendations on the cooling-off period don't really carry any more weight than I think they do with the minister, because he wouldn't get support either from this party or from the trade union movement on the move.

Hon. Mr. Elgie: No further comments. I think I said everything I had to say last night.

Mr. Bounsall: Under this vote, comes the handicapped employment program. I have a few questions on that, both of the minister and perhaps of the staff who are involved.

Hon. Mr. Elgie: Mr. Chairman, I'd like to introduce Ms. Barbara Earle who's in charge of the handicapped employment program of the ministry.

Mr. Bounsall: When we were here a year ago the office had only been running effectively for three months.

Hon. Mr. Elgie: It had just started.

Mr. Bounsall: I was very strong in my remarks about what affirmative action programs were. These are fine only in so far as you have co-operative employers in the first place. Only with great difficulty do you change employers' minds. It's all too easy for employers to be in agreement with people involved in affirmative action programs, and never quite get around to doing it.

We've had a year's experience here. I must say there's been so little done in the field prior to the establishment of this program I would certainly expect headway to have been made, in spite of the frustrations that must accompany this job when you don't have any real legislative force behind you.

One of the other comments I'd like to make is that I don't think the government is at all very serious in this whole handicapped employment program. You have one co-ordinator, one community relations officer, and one secretary. I assume the support person is a secretary. If you're really trying to do an affirmative action program for the handicapped in Ontario, a total of three staff is not very adequate to carry out what must be a vast program.

Let me briefly get an update, if I may, on some of the activities mentioned in the explanatory material. One of the objectives was to develop strategy and models to remove barriers to employers hiring physically handicapped persons. I'd be interested in the strategy and models you've devised. In the explanatory material it's mentioned that you contacted 15 corporations to provide information and assistance regarding affirmative action programs. Is that the sum of your activity?

A year ago you were basically getting organized within the civil service to try to get the proper building modifications, and proper affirmative action programs within the government. You were fairly vague on how you'd expand that beyond government. The question I would ask is, in the course of a year have you run meaningful programs with only 15 employers, or has the number of

employers that you've worked with outside government in meaningful programs been somewhat more than 15? With how many would you say, Ms. Earle, have you run meaningful programs outside of government?

Ms. Earle: You have a number of questions. Should I go through them in the order that you asked them?

The first question you asked had to do with the co-operativeness of employers with respect to affirmative action programs, the scope of our program and the response that we've received to it. To recap some of the history of the program for those who may be less familiar with it, the program was approved by cabinet in April 1978 and first staff were being hired in September of last year. During the first six months of the program, our activity was focused on consulting with a large number of groups, of agencies and of government programs that were already active in the field of serving the physically handicapped from one perspective or another, and who would have expertise to assist the Ministry of Labour in defining the priorities for its program development.

We recognized out of that experience there was a great deal of activity ongoing across government in support of employment. We also recognized there were many contacts being made to employers by a variety of agencies in communities. We recognized the need to develop our program in such a way as to support what is a vast resource at the community level.

Just to outline some of the scope of that, we have to consider that physically handicapped people bear a variety of disabilities with which, of course, you're familiar. They range from injured workers, the blind, the deaf, paraplegics, those with epilepsy and many other disability groups who are served and supported in their efforts to achieve employment by many social agencies and by a variety of existing government programs which work with individual clients and individual employers.

In our approach, we have sought to be supportive of the efforts of those groups. We have also recognized that with handicapped employment there is a requirement for a great deal of co-ordination and support service, which must be brought to bear in the local community. These services must be sensitive to local employment opportunities and to the skills of individual handicapped persons.

We felt on entering a new area where we could play an important facilitating role—dimitted by a small resource base—it was very important for us to look clearly at what

the activities are, and have been, of the many involved groups.

After about the first six months when we had more or less established the kinds of activities that were going on vis-à-vis employers, and had discussed with agencies the role they would find most helpful, and had discussed with handicapped consumers the role they would find most helpful for the ministry to take, and as well with employers, we developed a number of initiatives, one of which was a project in Hamilton which is to take place over the coming 18 months. It's to bring the co-ordination, consumer involvement and employer involvement, to bear in a way which we plan to study closely with the hope of developing other such models in other communities.

This will involve our looking at the skills of handicapped individuals in the Hamilton area, looking at the local employment opportunities and approaching employers, and will also be important in the area of reinforcing handicapped persons' independence in their search for solutions and in their input to the service need requirements that they will have in that process.

That gives you some feeling. You may have other questions on the local type of project that we hope to work with in future.

Since the program is developmental, we have looked at many alternative ways of facilitating handicapped employment opportunities. The approaches we have made to the 15 large employers have to do with another such model. This is in recognition of the fact that a large employer with a variety of employment opportunities will have to look carefully at the nature of the physical demands of jobs, will have to reach out to the community to make the employment opportunities understood and will have a broader involvement in a number of planning activities than would be the case with a smaller employer.

We have endeavoured to provide information that would be appropriate and to involve ourselves in a supportive way to plug these employers into the resources in the community and to familiarize them with the broad definition of the variety of handicapped individuals and their capacities for employment. It has been this affirmative action type of involvement that we have been interested in with these 15 large employers.

A large number of employers—125 employers—have contacted the program over the year for a range of different requests, some specific and some more ongoing in nature. We've endeavoured to respond with whatever was requested and to encourage those

employers to continue to draw on our support, information and referrals to sources of expertise within the community. We've developed in the context of both the community models that we've been working on and also with respect to employer requests. To support handicapped persons and agencies serving those persons to seek employment, we have developed an information centre which we find assists in bringing together the necessary matching which is so important to handicapped employment, making each of the parties more aware of what information they will need to obtain and with whom they will need to co-operate in order to facilitate employment.

In so doing, in relation to barriers you mentioned in your question, we found that we began to gather information on a number of matters such as aids, adaptations, methods of analysing jobs to look for the physical requirements, ways of adapting personnel practices and interviewing so as to be sensitive to allowing handicapped persons to explain better how they can achieve a full performance in a position. We have looked at some areas of job search, résumé writing and other things we hope will be supportive of handicapped persons in their search for employment.

[9:15]

You also asked about the internal program. We have felt all along this has been a very important initiative, given our approach to employers has been based upon the Ministry of Labour's own program and more recently, upon the larger example of the Ontario government's undertaking to provide equal opportunity for handicapped persons. We have felt our advice to employers has been recognized and we have been able to speak with a degree of experience about some of the requirements to achieve success in the area of handicapped employment.

I have covered some issues and no doubt you will have other questions.

Mr. Bounsall: Let me go back and pick a couple of points up in your response. One of the measurements of the success of any program is the number of people placed. This time a year ago you estimated 15 or 16 had been placed and those were mainly within government. Do you have any figures that show the breakdown in this past year in government? How many were placed, as a result of your endeavours, in private industry or somewhere other than government? You had made that start last year in government.

Ms. Earle: I should preface my comment by saying it is not a function of the handi-

capped employment program to be involved with direct placement of individuals. The Workmen's Compensation Board and Vocational Rehabilitation work with individuals to assist them in their search for employment. However, that said, we have always taken an interest, especially because of our internal program, in receiving the applications of handicapped individuals, in counselling those individuals and in supporting them. Where we don't have employment opportunities for them, we refer them to other possible employment opportunities, either within government or in the private sector where it appears this would be of the more logical route, or both.

According to our follow-up on how successfully we have been able to assist individuals in this way, we have found within our own ministry a five per cent rate of hire which means that one person in 20 hired within the Ministry of Labour has been physically handicapped. That would be, over the past year, eight individuals within the Ministry of Labour.

In other ministries where we have referred individuals and where we have worked closely with the Civil Service Commission in its responsibility to co-ordinate handicapped employment within government, we have found that 35 persons who have asked for our assistance and help have been able to secure employment. This does not mean that only 35 persons have been hired across government. It simply means that is the number we have been able to assist, and as well in the private sector. The 35 individuals have found employment either in government or in the private sector.

Through our experience program, which employed 18 experienced students working in agencies across the province—some of their projects dealt directly with employers and in the area of placement and affirmative action—we found that 45 jobs to date have come out of those efforts. Further are to come since we are following up with the employers the students had contacted over the summer. So are the agencies.

Mr. Mackenzie: The 35 you talk about, does that include the eight you mentioned in the Labour ministry?

Ms. Earle: No, the total number of jobs we have facilitated during the past year would be 88. That includes the eight within the ministry, the 35 to other ministries and the private sector, and the 45 in the private sector which derive from the experience program we co-ordinated. I separate that because it was a slightly different program under our auspices.

Mr. M. Davidson: How many of the 35 were in ministries and how many in the private sector?

Ms. Earle: I don't have those figures with me but I can attempt to break that down if you would be interested in knowing.

Mr. Bounsall: I will come back to these latest remarks. You said it wasn't your function to actually do placements, yet obviously you take quite an interest in it—on the follow-up. I have two questions about these 15 corporations in which you had the in-depth program; first, is that all through the summer experience contact with those 15 corporations?

Ms. Earle: No, none of that.

Mr. Bounsall: Or was it outside the summer experience?

Ms. Earle: Yes.

Mr. Bounsall: My second question is how many jobs would be attributable to your efforts with those 15 corporations?

Ms. Earle: We have not endeavoured to follow up in terms of an evaluation with the 15 corporations with whom we have been dealing. We have been dealing with them in terms of planning and how they will in their practices recruit more handicapped individuals. I don't have any figures with me as to whether some of the 35 were hired by the same companies with whom we are working.

Mr. Bounsall: Is it your plan to so do that follow-up?

Ms. Earle: Yes, it is our plan to do that follow-up and to engage them, since naturally they themselves will wish to know how successfully they have been able to employ handicapped persons. One of the things they are very interested in knowing is the matter of how to evaluate their success in this area and with respect to the privacy which is something we discussed last year. The figures in this area are in no way as hard as figures you might achieve in other areas. This is because of the privacy considerations and the unwillingness of many handicapped persons to be identified in any explicit way at the time of hire, unless it is a visible—

Mr. Bounsall: How are the 15 corporations chosen? Did you choose more or less from the top 15 in Ontario? Were these 15 the ones who had already expressed interest and therefore they were easier ones to work with? How did you get the 15?

Ms. Earle: We got the 15 by looking. We initiated the contact with the 15 companies

rather than having it be in response to their interest. We chose them on the basis of the size of the employer and the diversity of the type of employment offered. Recognizing the diversity of the handicapped population and the ability of a variety of handicapped persons to fit into the employment opportunities within a firm is a consideration in our looking at the companies.

Mr. Bounsall: I would be interested in having a list of these 15 companies. Rather than a verbal run-through of 15, could you just give us a list? Maybe you could run quickly through the 15. Do you have the list here?

Ms. Earle: It would seem to me that probably to point out any particular companies at this time might not be germane to—this hasn't been our policy certainly to—

Mr. M. Davidson: Can you tell us how many of the 35 they hired?

Ms. Earle: It would have been a matter of coincidence rather than something that would be that germane to their having developed a program at this point. As I say, the first six months of our time was spent in consultation. During the second period of six months we met with these companies to talk about what they would do to set up an affirmative action program. Our experience within the ministry has been that it takes several years to make the kinds of contacts with the agencies in the community, to understand the kind of fit between the different handicapped individuals and the jobs, to make the modifications in physical access that are required, to become familiar with the debate, to educate and to promote attitude change. It is a developmental process and we recognize that when we are dealing with the employers. We expect in a complex firm it will be a matter of several years—not that they would wait to become involved. But we recognize it will be a matter of increasing involvement and a greater understanding over that period of time.

Mr. M. Davidson: I understand the problem but I would appreciate a breakdown of the number out of that 35 who were hired by ministries and those who were hired by the private sector.

Mr. McClellan: Have any of the corporations come through yet with an affirmative action program that specified a number of jobs that are going to be made available over some period of time?

Ms. Earle: A number of them have. They have done different things. Usually what we have suggested is that they begin with something like an analysis of their jobs, or that they begin with an outreach recruitment where they begin discussions with the agencies in their communities, or that they make their jobs known to parts of the community. Different ones have agreed to take different first steps.

By and large there has been a great response and willingness to begin some place. This is what we have looked for. We have wanted them to start with something and to grow in an organic way so they become comfortable with what they have initially done.

Mr. McClellan: I don't mean to be cranky but the bottom line is going to be jobs produced. I think some of us are prepared to watch over a development phase. I am even prepared to watch for another year as you have completed your consultation period and are entering into a period of negotiations. But there will come a point, and it won't be too much farther into the future, where we are going to say, "Who have you talked to and what are the results?" And the results are jobs.

Ms. Earle: Quite. In fact we are quite pleased—although we have not been doing placements, that there are as many jobs as there are that have come out of our efforts to date.

In addition, I think we have several kinds of insight into this. One, as I say, is our own experience which has been that we have increased our ability to hire. The numbers of applications that have come to us from handicapped people has also increased.

I truly do believe that over time the corporation grows in its capacity just as we have grown over the past couple of years in our capacity. I think as well, since there are the support services—referral from social agencies and many other matters—which have to be considered at the same time as the employer is operating, the employer is not operating genuinely in isolation. When we have talked to the employers they have asked us, "Very well, who will I contact to get handicapped individuals?" We have supplied them therefore with the names of agencies and we then go back to the agencies and support them in their referral. That is the process that has to increase. In certain cases they inform me they have already been dealing with one or more agencies and it may be a case of broadening out to dealing with more agencies.

There can be a need to look at the experience. This is what we are hoping to do within Hamilton; to work at the projections for development of business within the Hamilton area; to look at the skills within the handicapped community; to look at the needs for support service that may be implied by increased employment opportunities; and to see how we can facilitate employer interest and look at the experience the agencies are having with employers in the area. What we want to end up with is a target set of activities that we could undertake within communities—some of which are activities to be undertaken by employers, some to be undertaken by consumers—and by this I mean handicapped persons—and others are activities to be undertaken by agencies and adjustments required to ensure that the endeavour will be successful.

[9:30]

As we said at the beginning, there are a large number of resources operating at present to try to increase employment opportunities and to work with employers individually. So we are looking at another level of analysis to try to see how we can make that effort more successful and how to be more supportive.

Mr. Bounsall: Can I ask two questions?

Mr. McClellan: Okay, go ahead.

Mr. Bounsall: I just received a note that I should be speaking in the House now. Maybe I could get another couple of questions in, and those other people interested can continue on.

I am sorry that my time tonight is so limited at this moment.

There is a strong feeling I have about affirmative action that it's a program that doesn't have the teeth of requirement in it. Putting that feeling aside, with the numbers involved in this program I don't see if they are to also follow up on—which is a very necessary part of any affirmative action program—the contacts which they have made with corporations and companies, we certainly cannot do it with the small number of staff we have in this handicapped office. In that sense it has got to grow if we are being serious at all about it.

This leads me to my other point. This was described last year as a pilot project, certainly in terms of the number of staff. It has been treated by the minister as not much more than that, I would suggest. Should some miracle happen and Bill 188 which is before us should pass—I certainly hope the ministry is well on its way to withdrawing it and bringing in the proper type of bill—what

would happen to this office? Because the bill establishes an information centre under Margaret Birch; it establishes the enforcement of the program under the Ontario Human Rights Commission.

It seems because it is also described as a pilot project it has no specific funds allotted to it and is under the administration vote. My question to you is rather than continuing on what is a good start in affirmative action for the handicapped under your proposed bill where do you see this affirmative action continuing? Particularly on this route, which is a good start?

Hon. Mr. Elgie: First of all, Ted, I agree with you that it has been a good start. I think everyone who has been talking to Ms. Earle today and other members, and indeed the handicapped groups, have expressed great admiration for the efforts. You know that.

Mr. Bounsall: Sure, I have.

Hon. Mr. Elgie: I understand you were saying that. I know it has to get more staff and I will continue to seek to get that approval for more staff from Management Board, but I am under the same constraints that everybody else is. However, I continue to pursue that and will continue to do so.

The other issue you raised about what happened to the handicapped employment program should Bill 188 pass is one I have addressed myself to. My present feeling is that it is a program so intimately tied to several existing programs in our ministry—for instance the manpower commission and employment in general—that my own wish at the moment—and I would push for it strongly—would be that it stays where it is, because I think it is connected right. I can say no more than that at the present time. That is my present stand.

Do you want to send another note and say you are going to be late again?

Mr. Bounsall: No, I won't be sitting that long.

Mr. Chairman: Are you finished now?

Mr. Bounsall: I have to go, unfortunately.

Mr. Chairman: Mr. McClellan.

Mr. McClellan: Thank you Mr. Chairman. To continue in exactly the same vein as my colleague, Ted Bounsall, and to try to pursue precisely the same question, when you look at the description of the function of the office for handicapped persons in Bill 188, in many respects it sounds very much like the operation that Ms. Earle has been talking about. Would you agree?

Hon. Mr. Elgie: No, I think that has been a program that is specific enough and is re-

lated in rather a good way to several other existing branches of the ministry. I see it reasonable to suggest that it should stay where it is. That is my present position on it.

Mr. McClellan: I don't disagree that your operation should stay where it is.

Hon. Mr. Elgie: I see. I didn't know what you were driving at.

Mr. McClellan: My problem is with the proposal to set up another office somewhere else, doing precisely the same thing within Margaret Birch's ministry. That is what I cannot fathom for the life of me.

Hon. Mr. Elgie: I suppose the reason for that is the fact there are other broader co-ordinated activities which are already there. The inter-ministerial rehabilitation committee and the advisory council on the handicapped are there. That seems to be the rationale.

Mr. McClellan: I understand that but I have made the argument to you, as Minister of Labour and Manpower, that if you are serious about your manpower responsibilities you would move to assume precisely that co-ordinating role within the ministry of manpower. There is a unique role for a provincial manpower program in precisely these kinds of areas. We had the discussion last year, so I am not prepared to even consider supporting any kind of a proposal that will continue to diffuse and disperse services—for example, to the handicapped—among other ministries.

Hon. Mr. Elgie: I appreciate your comment but with regard to the manpower aspect of it, the chairman, Mr. Pollock, will be here later on, and I hope that is an occasion we can all take to inquire into what is going on. One of the priorities of that commission is exactly the thing we are talking about.

Mr. McClellan: Is the commission the Ontario Manpower Commission?

Hon. Mr. Elgie: Yes I'm sorry. The commission is a strategy for the handicapped and indeed Mr. Pollock himself has such an interest in it, as does Ms. Earle. He has made sure that this issue of unemployment strategy for the handicapped is one of the items that will be handled in the newly-established federal provincial manpower needs subcommittee on affirmative action, which will be starting to meet almost any day now. One of their priorities will be combined views on employment strategy for the handicapped. From that point of view you are quite right this is a program that fits in with that as well. Those are the things we will have to take into account as we discuss whether or not this is a program that should stay where

it is, where I think it should stay or whether it should go somewhere else.

Mr. McClellan: We will probably have an opportunity to come back to that issue. I am anxious to engage the minister, Mr. Chairman, in a series of questions with respect to Bill 188. I think the main office estimates is the appropriate place to do it. I do not intend to make the speech that I will make on second reading. I do not want to get into debate on the merits or demerits of the bill. That will happen on Monday night, unless sanity prevails and you withdraw the bill prior to that. At any rate, I expect we will proceed with the debate and I don't intend to pre-empt that discussion. I do want to ask you some questions about the development of this bill within your ministry. It is a matter of enormous concern to us.

You have stated a number of times, as minister, both in the House and probably outside the House, that you intended to bring in provisions to protect the handicapped from discrimination through amendments to the human rights code. Was your ministry working on amendments to the code?

Hon. Mr. Elgie: We have been working on both, Mr. McClellan. As I said in my statement, I felt this was an issue that was of such a degree of importance that we should proceed with the handicapped immediately. As I have said on numerous occasions, I have no reason to believe there won't be other amendments to the human rights code coming forth in due time.

Mr. McClellan: First of all, who in the ministry did the work on drafting Bill 188?

Hon. Mr. Elgie: I suppose our esteemed legal counsel who is sitting back there did the handiwork. Is this what you mean? Who were the draftsmen of the bill? Those of us on staff took part in the process.

Mr. Haggerty: I want to raise a point of order. There was some discussion previously when the honourable member was not here, at eight o'clock or 8:10 p.m., about the time allocated to the ministry's estimates. This bill will perhaps be debated next week, and I think that's the place it should be debated, not in here.

Mr. McClellan: I am not debating the bill. I am asking questions about—

Mr. Haggerty: I think you are debating the bill. That's what you are doing.

Mr. McClellan: I'm asking questions about how the ministry does business. There is nothing improper in that within the main office vote, which includes—

Mr. Chairman: I think if the minister agrees to have it under this vote, that is up to his discretion.

Hon. Mr. Elgie: I think Mr. Haggerty has a point, but I don't mind talking about it.

Mr. M. Davidson: On a point of order: If it is recognized by the chair, the point of order is Mr. McClellan is not debating the bill. He is asking questions as to what led up to the development of the bill. I think that is pertinent in this room.

Mr. McClellan: As I say, tonight I am not talking pros and cons. I want to understand the process by which the ministry decided to proceed by way of separate legislation. When did the ministry first submit a proposal to the cabinet committee on legislation for a separate Bill 188?

Hon. Mr. Elgie: The process for legislation is well understood. You have been around a fair length of time. The process is initiated in the policy fields in which you are involved. In my case, it's the resources policy field. Then one goes to policy and priorities. It was at policy and priorities that the decision was made to proceed with this bill first, and then to proceed on a subsequent occasion with further amendments.

Mr. McClellan: When was that?

Hon. Mr. Elgie: Some time in late summer or early fall.

Mr. McClellan: So the separate bill was first taken to the policy group in late summer or early fall?

Hon. Mr. Elgie: Yes. I haven't got the date in my memory.

Mr. McClellan: When did the drafting start?

Hon. Mr. Elgie: It started shortly after that.

Mr. McClellan: Between the period that you obtained—I assume you obtained approval within the policy group in late summer or early fall?

Hon. Mr. Elgie: The policy and priorities.

Mr. McClellan: Had you taken previous drafting proposals with respect to amendments to the code prior to taking the recommendation for a separate bill? Had you taken recommendations from the ministry to the policy group with respect to human rights amendments?

Hon. Mr. Elgie: The policy and priority group deals with a variety of recommendations that are before it, and out of those elects the process by which we will proceed. In this case, the election was to proceed with a separate handicapped bill. This was because

it was in the speech from the throne a year ago, and because it was seen as a matter of priority at this time. It's really just that simple.

Mr. McClellan: I understand from that you have said "Yes." You did take a proposal for amendments to the human rights code to the—

Hon. Mr. Elgie: No, we take the items that are to be dealt with which we saw as items to be considered. It was at that point that a decision was made that the handicapped issue would be looked upon as a matter of priority to be proceeded with forthwith.

Mr. McClellan: Who made the decision to proceed by way of separate bill?

Hon. Mr. Elgie: That was a joint decision of the policy and priority board, of which I was a part that day.

Mr. McClellan: Were any senior officials of the Ontario Human Rights Commission consulted at the stage at which the proposal was being examined by the policy and priority board?

Hon. Mr. Elgie: The Ontario Human Rights Commission have no part in the decision to do this. He was part of the discussions, but he was not part of the policy decision.

Mr. McClellan: Who is he?

Hon. Mr. Elgie: The executive director, of course. We call on him for advice.

Mr. McClellan: It sounds as if he is very active.

Hon. Mr. Elgie: Sure, he is actively engaged, but not in the policy matters.

Mr. McClellan: Were officials of the Ontario Human Rights Commission involved in the work of drafting Bill 188?

[9:45]

Hon. Mr. Elgie: George Brown was in on the discussions about items to be in it. But again, not in the capacity of giving any advice as to the makeup of any legislation or any policy decision about which direction to take, or advice about matters that we put through.

Mr. McClellan: Were members of the commission consulted with respect to the question of whether or not to proceed by way of amendments to the code, or by way of a separate bill?

Hon. Mr. Elgie: No, they were not.

Mr. McClellan: Were members of the commission consulted after the decision was made to proceed by way of a separate bill and the work of drafting was then undertaken by your ministry?

Hon. Mr. Elgie: They were advised. The chairman was advised we were proceeding that way. Not consulted, no.

Mr. McClellan: He was advised?

Hon. Mr. Elgie: She was advised.

Mr. McClellan: She, sorry. Did you ever have any representation from the—

Hon. Mr. Elgie: Let's be clear. That is not the role of the commission. You are not suggesting it is, are you?

Mr. McClellan: No. I'm just asking some questions.

Hon. Mr. Elgie: That's all right. I just wanted to know if you were suggesting they should be.

Mr. McClellan: Did you receive any representation from the commission with respect to the issue of proceeding by way of a separate bill?

Hon. Mr. Elgie: Not to my recollection. I didn't ask them.

Mr. McClellan: I understand that. I wondered if they had made any representation to you about your decision to proceed by way of a separate bill?

Hon. Mr. Elgie: I can't recall anything. Can you recall any representations? Was there any representation from the human rights commission about our decision to proceed by way of a separate bill? I can't recall.

Mr. McClellan: The bill was in preparation, let us say for convenience, early fall until what time? Until the time it was introduced, presumably.

Hon. Mr. Elgie: Until some short time before then. The legislative language problem had to be worked out.

Mr. Mackenzie: May I interject for just one moment? What disturbs me in the layout of the processes that are going on here is that maybe it's none of the business of the members of the House, or those who have been asking for a heck of a long time about when we were getting the amendments to the human rights code. But it now appears you had made a decision in the summer to operate with a separate bill. There was sure no communication of that to any of those members in the House who were involved.

Hon. Mr. Elgie: It was made late summer, early fall. I don't think, if you will review the record, there was any misleading events from that point on. It was made clear that we were going to proceed with amendments to legislation related to the handicapped.

Mr. McClellan: When did you notify the commission, through the chairman, of the

decision that had been taken to proceed by way of a separate bill?

Hon. Mr. Elgie: I can't remember whether there was any time gap. Some time shortly afterwards.

Mr. McClellan: After the decision was taken.

During the period you were drafting the bill, was there any consultation with the handicapped community? Specifically, was there any consultation with the Ontario Advisory Council on the Physically Handicapped, or with any other organization representing handicapped people?

Hon. Mr. Elgie: I can't recall if it was during the drafting of the bill, but as you know we had the numerous briefs that had been presented to the previous commission.

I recall on one occasion meeting, at their request, with the Blind Organization of Ontario with Self-help Tactics (BOOST). There was no hesitation on my part in meeting with any group that asked me to.

I can't think of any group I have refused to meet with about it. But if you are saying that I consult with them in terms of sitting down to draft the legislation, no, I did not nor do I think that is the function of the minister and the ministry in drafting legislation. We receive input from groups that have a point of view. If they are just, I then proceed to draft legislation. I think that's far from unusual. I think that is a legislative procedure that is quite in order.

Mr. Ignatieff: Could I just add to that? While the handicapped employment program has been delivering their program, and are not responsible in any fashion for the formulation of this effort, they have been in constant contact, as they must be to conduct their work, with a variety of handicapped groups. So the ministry is in good and constant communication with handicapped groups.

Mr. McClellan: My specific question will be: Was any handicapped group or organization informed prior to the introduction of Bill 188 that the ministry was intending to proceed by way of a separate bill?

Hon. Mr. Elgie: I can't recall notifying or my staff notifying—but are you suggesting that's something that would have been proper in a normal legislative event?

Mr. McClellan: Yes.

Hon. Mr. Elgie: I can tell you that hasn't been the case in other legislation.

Mr. McClellan: When you were—

Hon. Mr. Elgie: No, no, let's stop. Let's take Bill 25 for example. We received the

Kelly commission report. Anyone who wished to speak to me afterwards did. We then proceeded to draft the legislation. And there's absolutely no difference in that process than there was in this.

Mr. Mackenzie: But it was not approved in the handicapped community. That's worth looking at in terms of amendments to the human rights code.

Mr. McClellan: When you were reviewing the briefs that had been submitted, I assume you were talking about briefs—

Hon. Mr. Elgie: I didn't personally review the briefs.

Mr. McClellan: Well, when your staff had reviewed the briefs that were submitted either to the commission during the course of—

Hon. Mr. Elgie: That depends; George Brown can tell us what the briefs contain.

Mr. McClellan: Or in response to Life Together. Are you aware of any organization that recommended that legislation to protect the rights of handicapped people should be done outside the human rights code?

Hon. Mr. Elgie: Are you suggesting it's never been done before? I would suggest to you—

Mr. McClellan: I am asking a straightforward question.

Hon. Mr. Elgie: —it's been quite appropriate to the Quebec Legislature to proceed by separate legislation, and it's surprising that the same sort of response you seem to be suggesting didn't occur there.

Mr. McClellan: I'm not suggesting anything. I'm asking a straightforward question—

Hon. Mr. Elgie: Then my straightforward answer is—

Mr. McClellan: —was there any brief that recommended that you proceed to protect the rights of the physically handicapped outside of the code?

Hon. Mr. Elgie: I don't recall anything specifically.

Nor do I suggest that it's unusual in the light of other legislative domains to do so.

Mr. McClellan: Have you been apprised of a telegram that was sent by the Ontario Federation for the Physically Handicapped to Premier Davis—I believe on Tuesday?

Hon. Mr. Elgie: I think I saw it Wednesday at the—

Mr. McClellan: I just received a copy of it tonight. I'll read it again for you: "We understand—"

Hon. Mr. Elgie: I recall it, but you read it.

Mr. McClellan: "We understand you made a statement in House today that there was consultation with disabled groups regarding Bill 188 prior to introduction for first reading stop, would appreciate learning names of groups consulted as this is contrary to our information stop"

Hon. Mr. Elgie: Mrs. Birch indicated she had discussed it with the Advisory Council for the Physically Handicapped. I neglected to mention that.

Mr. McClellan: That's helpful to know.

Hon. Mr. Elgie: I didn't do it deliberately.

Mr. McClellan: Awfully defensive tonight.

Hon. Mr. Elgie: Come on.

Mr. McClellan: Did Mrs. Birch—

Mr. M. Davidson: Is that a result of her tour? She met with physically handicapped groups across the province.

Hon. Mr. Elgie: I didn't know that.

Mr. McClellan: Did Mrs. Birch tell the Advisory Council for the Physically Handicapped that you were proceeding by way of separate legislation?

Hon. Mr. Elgie: I have no idea.

Mr. McClellan: Because we were advised by a member of the council that the council—to her knowledge—had not been apprised of all that the government was intending to proceed by way of separate legislation.

Hon. Mr. Elgie: I have no idea if she did.

Mr. Mackenzie: We were certainly told that they were not, in any way, advised.

Hon. Mr. Elgie: I'm not saying they are, Bob. I said that I have no idea if she did or didn't.

Mr. McClellan: Were there other agents of the ministry—for example the handicapped employment program staff—that were aware you were proceeding by way of separate amendment and would have relayed this information? I gather not.

Hon. Mr. Elgie: I don't know. It depends whether Mr. Ignatieff, who is in charge—

Mr. Ignatieff: Relayed to whom?

Mr. McClellan: Relayed the information that you were planning and intending to proceed by way of separate legislation.

Hon. Mr. Elgie: I don't think it would have been relayed, would it?

Mr. Ignatieff: No.

Mr. McClellan: So on the basic issue there was no consultation of any kind with anybody or any organizations within the handicapped community with respect to the central issue of whether rights should proceed under the code or under—

Hon. Mr. Elgie: No.

Mr. McClellan: Why not?

Hon. Mr. Elgie: I just told you. I don't think that's one of the functions in drafting legislation or taking policy decisions and proceeding one way or the other. We understood the views of a variety of groups and we made a decision to proceed on what was viewed as a priority—

Mr. McClellan: I am used to a different ministry proceeding quite differently. Within the Ministry of Community and Social Services, while I have a million and one beefs and quarrels, I have to applaud the way they proceed with legislative initiatives by introducing consultation papers with relatively detailed and sometimes absolutely specific proposals around what their intentions are. They then invite comments of the community that is affected, go back and do another draft and then come back for more consultation.

Then we do the whole process out in the open and in public. And those who are vitally affected by the legislation are at least aware of what the government is going to do and are given some opportunity to respond to it, even if just in terms of public discussion. Why don't you proceed that way?

Hon. Mr. Elgie: If that's a recommendation, I'll certainly consider it, but I can't recall in my time that's been a process in legislation in this ministry. Mr. Deputy, have you been aware of that?

Mr. Armstrong: I was trying to think of analogies over the last four years. Bill 70 was preceded by the Ham commission report. The report was then analysed and a bill was introduced, and the bill, in due course, went to standing committee. There was considerable public input and as a result—as you may recall—a considerable number of changes were made during the legislative process.

Mr. Mackenzie: There was a hell of a lot of input by those involved.

Mr. Armstrong: That's right. It was during the legislative process and subsequent to the introduction of a bill.

The other two pieces of legislation with which I have had some personal involvement, and which I have some further recollection about, were the amendments to the Labour Relations Act in 1975 and Bill 25—as the minister has mentioned.

In both those cases—they were a little different—Bill 25 was preceded by the Kelly commission and a number of briefs submitted. That was not the case in the major amendments to the Labour Relations Act in 1970. And I must say for the record that the

Canadian Manufacturers' Association, the Canadian Chamber of Commerce, the Board of Trade, the aggregate producers, the road-builders, and a number of employer organizations with which you may be familiar, Mr. McClellan, were critical of that.

I think at some point you have to make a determination whether you are going to be immobilized by special interest groups making representations. You don't want to be in the position of putting before a standing committee a piece of legislation for discussion that may be discussed rationally in the full light of public debate and permitting the ministry to react to that.

That is the procedure that was followed in the handicapped persons bill. I don't remember the number of briefs that were submitted to the Symonds commission.

Mr. Ignatieff: Numerous; I think 20 or 30.

Mr. Armstrong: Those briefs were available to the ministry. Mr. Brown was fully aware of the content of those briefs. He was an active participant in the drafting at all stages. We had the benefit of that nexus with Mr. Brown and those briefs. So in the case of the handicapped persons bill, we followed the procedure that has been followed in this ministry for as long as I've been connected with it.

You are not the first to suggest this. I mentioned those employer groups that have been critical of that method of procedure. You are in the company of those groups. You are suggesting that is not the proper method.

[10:00]

Mr. M. Davidson: Not one of those groups suggested separate legislation.

Mr. Mackenzie: You totally misjudged it.

Mr. M. Davidson: Not one of those groups suggested separate legislation. You, yourself, admitted that.

Mr. Armstrong: They suggested no legislation which is precisely what—

Mr. M. Davidson: They suggested changes to the human rights code. That's what they suggested. None of them suggested separate legislation.

Mr. McClellan: I'm glad that you don't make political observations, Mr. Deputy Minister. I'd hate to think what you might say if you did.

I don't quite accept the analogy that I'm on the side of the—

Mr. Mackenzie: I find incredible the minister's attitude about this issue which has really created an uproar. You haven't got support—to the best of my knowledge—from a single group. I don't think—as well as my

colleague—the analogy's good. You approached this without consultation, literally. The fact that briefs were in on something they expected, which was entirely different, I think, makes the point. I don't know how you can say this is a normal way of doing it. The best I could say is you totally misjudged the situation.

Hon. Mr. Elgie: That's your opinion.

Mr. Mackenzie: I'd like you to line up the support for it that you've got.

Mr. M. Davidson: You're well aware it's the opinion of those people that bill represents also.

Hon. Mr. Elgie: I'm aware that the group I met with last Friday—

Mr. Mackenzie: There were 22 groups involved—

Hon. Mr. Elgie: —and I'm meeting with them again tomorrow—

Mr. Mackenzie: —and the 60-odd people at city hall the other day, and you had no support there.

Hon. Mr. Elgie: All I'm saying really is there's nothing unusual about the process.

Mr. M. Davidson: I believe there is, Mr. Minister. I'm sorry I can't accept that.

Mr. McClellan: I can't accept that either.

Hon. Mr. Elgie: I accept your view, but I'm just saying—

Mr. McClellan: As I said, I'm not going to get into a debate on the bill. We have the time set aside for that and we will deal with that issue and vote on it next week.

The process has been incredibly flawed and your end product is unacceptable to the people for whom it was supposed to benefit. It strikes me that the course of wisdom at this point is to go back to the drawing board.

We will continue the discussion on that next week.

Mr. Chairman: Are you finished, Mr. McClellan?

Mr. McClellan: For the time being.

Hon. Mr. Elgie: Don't tie him down that way.

Mr. Bradley: I have a few items, Mr. Chairman, which I think could be fitted in. I have been listening to the discussion this evening and I'm certain they could fit in under the first vote. One is a relatively recent program. It is the Employment Development Fund which comes under the Ministry of Industry and Tourism. It does have an effect on labour conditions within the province. My questions would revolve around some of the contents of those contracts.

As the minister knows we have never been able to get those actual contracts between the Employment Development Fund and the corporation receiving the money from the provincial government tabled in the Legislature so that they could be scrutinized by members of the opposition or by any other interested parties.

We have had the blank draft which is a typical form, as the minister would say, which has been supplied to us. I have had concerns expressed to me—and I'll be specific in one case. It is the case of TRW, Thompson Products Division in the city of St. Catharines, where a considerable amount of money—I think three quarters of a million dollars—was given to the company to assist in locating in Tillsonburg.

There are employees who are very much afraid that money is going to be used, in effect, to move certain job lines out of the St. Catharines area and into the Tillsonburg area. They can't provide specific examples yet but they are afraid some of the labour-intensive operations will be moved to Tillsonburg and that the employees then will be forced to move to Tillsonburg; and all this will be done with the assistance of the provincial government.

My question to you, Mr. Minister, is: What input do you have into the Employment Development Fund in terms of stipulating that these funds not be used to move jobs from one area of the province to another, as opposed to actually creating new jobs. I have a built-in bias that says it doesn't really create many new jobs that wouldn't have been created anyway because of the market. That is just a built-in suspicion I have.

I am interested in the input you and your ministry have in this program.

Hon. Mr. Elgie: I am not a member of that committee, as you know, Mr. Bradley, but the Treasurer and the Minister of Industry and Tourism have told me repeatedly that they will always advise me if there is to be anything that in their view would affect labour negatively. I have not yet been contacted about any matter that would affect labour in a negative way. I don't have the contracts nor the original drafts in my possession. I have never seen them.

Mr. Bradley: Do you believe, speaking as an individual, that it would be wise to have you included on that committee to have that kind of labour input to avoid the kind of suspicions that members of the labour force have that this money is being used merely to assist companies to move jobs around or to rationalize?

Hon. Mr. Elgie: If I may steal a phrase sometimes used by other cabinet ministers: "Yes."

Mr. Bradley: What are you going to do to ensure that you are consulted in a more meaningful way on these matters?

Hon. Mr. Elgie: I would send a memo indicating that I would like to have a more active role in it, but I have not said that hasn't been resolved yet.

Mr. Bradley: Do you, or members of your ministry, see the possibility that some of these funds are being used, in effect, to move industries out of highly unionized areas into areas that do not have unions in the numbers or in the strengths that would exist for instance, in the area I represent. It is very strongly unionized, with 10,000 auto workers, many members of the United Steel Workers and other major unions in the province of Ontario. One would anticipate that all of these companies know they are either going to have one of the major unions in there or an association which is going to get almost the same thing for the employees, only because there happens to be the United Auto Workers and the United Steel Workers around to scare them into giving that much money to the workers or those kind of working conditions to the workers.

Do you see the possibility, looking at the case, for instance, of TRW going to Tillsonburg, or Hayes Dana getting some kind of—I don't think it was an employment development fund loan—

Hon. Mr. Elgie: They get an Ontario development loan.

Mr. Bradley: Yes. They went up to Barrie and sent a lot of jobs up to Barrie. Most people—

Hon. Mr. Elgie: I think that was an entirely new division, wasn't it?

Mr. Bradley: Yes, but there is room for expansion in the Niagara peninsula. Many people in the labour movement would probably say the Tillsonburg and the Barrie areas are not known as being as unionized. The labour union movement is not as strong a presence in those areas and therefore that might have been one of the motivations. Do either you or any of your people have any comment on whether you have any inclination that might be the case, and that they are moving into areas that are less unionized?

Hon. Mr. Elgie: I have never had that suggested, nor do I believe it happens. The deputy, or anyone, is free to comment on that. My staff indicate that they have never had any suggestion or reason to believe that.

Mr. Bradley: If the company did it with its own money, I think we would have to lament the fact, but when it is done partially with government money, the job opportunities that are created in other areas, if indeed they are, I think that is where the employees become concerned. They are concerned on two counts: first, that there may be some breakup of the potential bargaining unit. Obviously, it is better to have a bargaining unit up in Barrie and one in Thorold than it is to have one huge unit in one particular area. If I were an employer, I suppose I cannot place myself in that category because I have never been an employer, but I suppose I might think dividing that as being of some advantage. If I were an employee on the other hand, I'd say, "Here are my tax dollars going into a program to assist the company, and it may have some detrimental effects."

I would hope that your ministry would at least monitor some of these loans to see where they are going, and carry out a study to see if they are going into less unionized areas, and if a case can be made for that, and if the unions are correct in making a case for that.

Hon. Mr. Elgie: I have no reason to believe that from any discussions I have had with any groups. If I did think that was happening I would share your concern. But I am not a member of the committee—I have to stress that.

Mr. Bradley: I think Mr. Mackenzie has a supplementary.

Mr. Mackenzie: A brief supplementary that fits within this field. When will we have the report of the investigation, or whatever it is you've got going on, in the Westinghouse case? Have you not had some discussions over the concern expressed by Westinghouse workers, and, specifically, the switch gear division people in Hamilton?

Mr. Armstrong: I assume you are talking about the Ontario Labour Relations Board case.

Mr. Mackenzie: But it deals with the question of plant closures and plants moving to other areas. The charge is simply that of avoiding the union.

Hon. Mr. Elgie: There are three cases before the board on that very issue now. That is not before me. That is before the board.

Mr. Mackenzie: Was this concern not raised with you prior to it going before the board though?

Hon. Mr. Elgie: Oh, yes. At a meeting the Premier had with representatives of the

union that was raised. The Premier requested an answer from Westinghouse and was satisfied that document was not their policy.

Mr. Mackenzie: The subsequent admission of the paper did not change that view?

Hon. Mr. Elgie: Whether or not the Ontario Labour Relations Board will accept that is sub judice.

Mr. Bradley: A further matter then if I can look at provincial criteria used and be parochial enough to mention it. I found out by accident that—although I did have an inkling it was going to happen—I have found the local branch office of the Ministry of Labour to be very useful. You were responsible in one way or another, your officials advised you to, you took the initiative, you listened to me or you listened to the other members in the area or something, but anyway we ended up—

Hon. Mr. Elgie: It ended up in your area.

Mr. Bradley: We ended up with a labour office in the city of St. Catharines. I understand now—all I get is an answering service when I call—that they are, as of this week, operating out of Hamilton again. It no longer has a home in St. Catharines which, of course, served the entire Niagara peninsula. While we, once again, are fortunate enough to have the large unions there to protect most of the workers within the Niagara Peninsula, there are still a number of people who do not have the benefit of a—

Hon. Mr. Elgie: You are talking about the employment standards office, aren't you?

Mr. Bradley: I am talking about the local employment standards office. There was a branch in the city of St. Catharines. We have sufficient unions to cover a lot of people in handling their problems. There are still a lot of people who are not unionized and don't have the benefit of union representation. This office, I am convinced, was going full tilt all the time. In fact, you hired a second person to work at the office.

I remember when it was in Hamilton. I wrote you a letter explaining the problem was that people had to make long distance calls and they don't like doing that. Also, inevitably, you would be put on hold on a long distance call. Any department you call will ask you to hold while they sit there watching the clock and running the cash register at the same time. So there was that problem.

Getting through to a line is also another problem because the office in Hamilton is usually busy. A lot of people in the labour force have not had the education that would

equip them to write out the kind of complaint in the form necessary to have it acted upon properly. So to some extent, they hated written complaints. So if they wanted to make a complaint, in person, it meant travelling 35 or 40 miles down the road to Hamilton, finding parking and making the complaint.

The case I am making is for an excellent office to be located in the Niagara peninsula. I thought the location in the city of St. Catharines was most appropriate as it has the largest population and is easily accessible. I am wondering why on earth you would close the office in St. Catharines. I can visualize the press release I can send out tomorrow saying how you don't care about the Niagara peninsula any more. I thought you did care and I really commended you on setting up that office. Why do we pull the rug out from underneath that office suddenly and leave the workers of the Niagara region unprotected by the ministry?

Hon. Mr. Elgie: You are quite right about the conversation you and I had. The identification of a large volume of work in that area led to the establishment of the office in that region. I have to confess I didn't know it was closing. John Scott is not here tonight and that is his division.

(I hope that you, Nick, will make a note of that and make sure that an answer gets to me and to Mr. Bradley.

10:15]

Mr. Bradley: It may be in a state of limbo. You know it may be floating right now—and say that more than facetiously—it may be a situation where they're looking for a new office.

Hon. Mr. Elgie: I heard there were some office space problems. I heard that a month or two ago.

Mr. Bradley: I know where there's an empty office in the same building as my constituency office and it's very cheap as well.

Hon. Mr. Elgie: Ah, hah.

Mr. Ignatieff: Mr. Bradley, we'll look into it and try to get you an answer tomorrow. There are also some rearrangement of telephone services going on in that area, I believe and I wonder if that could be the problem. I'm unaware of the relocation of the office and we'll get word to you, within the next 24 hours.

Mr. Bradley: What criteria do you use to establish an office within a specific area? Is it strictly the volume of the work or is it the pressure that's put on it?

Hon. Mr. Elgie: John Scott can go over the criteria, but Nick is in charge of that area. What are the criteria you use?

Mr. Ignatieff: Essentially, I believe, it's caseload, Mr. Bradley; the caseload and travelling time to that caseload. That's about as far as I can take it this evening, but John Scott can give you a very detailed exposition when that item comes up.

Mr. Bradley: Thank you. A further matter, if you'll consider this, Mr. Minister, at this time. I realize it's a subsequent vote, but I'd appreciate some general comments on the general office vote which is pretty widespread.

Mr. Mackenzie referred in his recent remarks to the Columbus McKinnon situation. If my memory is correct, it was the first thing that got dropped in your lap when you became minister. The Columbus McKinnon situation was very unfortunate in that a major industry within the Niagara peninsula was forced to close and people with long years of employment there found themselves out on the street looking for jobs. It was a pretty sorry mess.

There are certain actions that can be taken. Some people will scoff at some of the suggestions Mr. Mackenzie has made because they think they're too extreme. However they might think differently faced with a situation that we were faced with. I say we but you were involved too in, I think, a sympathetic way—perhaps a little late in the game; the action could have been taken earlier. But it was a situation where a lot of people are starting to think about the kinds of things that Mr. Mackenzie mentioned—retributive justice for companies who carry out negotiations in this manner. I realize it's not 100 per cent bad on one side and zero on the other side.

I think a lot of people concluded, including the Minister of—whatever he was then, the Deputy Premier and MPP for Brock, Bob Welch—

Hon. Mr. Elgie: He was the Deputy Premier then, too.

Mr. Bradley:—indicated, in some pretty strong comments at that time, his displeasure with the way the company had carried out its negotiations at the very end.

My question is: What kind of activity has your ministry taken to attempt to avoid further situations of this kind? I realize now we may be getting into the vote that talks about mediation and things of that nature.

As a supplementary or an additional question—and I know why you want to hesitate

here—no, I'm being presumptuous—do you not see occasions where the direct intervention of the minister could save a situation that is quickly deteriorating? I'm not saying you; I'm saying I asked the previous minister in the House to personally intervene and I know why she didn't want to. She didn't want to intervene in every case in the province. But here was a very extreme situation where it appeared the company was going to close down. Do you see your role as intervening in these extreme circumstances to bring the parties together face-to-face, not labour-lawyer-to-labour-lawyer, and almost force them to negotiate in a meaningful manner to avoid this kind of circumstance?

Hon. Mr. Elgie: I think you've referred to the fact that the Columbus McKinnon closure appeared on the day when I was appointed to office. I think the first meetings were held that evening, weren't they?

The first meetings were held that evening and I think you know that the then Minister of Industry and Tourism, the late John Rhodes, the Deputy Premier, and I were not only involved but were quite vocal and openly critical that there hadn't been, in our view—it wasn't a view shared by the company—a last opportunity to put a proposal to the workers on that situation, in a frank discussion saying, "Either we do it or we close." We were very critical of them for not having done that.

As a result, it brought the parties together—representatives of the United Auto Workers including the Canadian director Robert White. It brought them together not only with the Canadian board of directors and the president, but also with the parent company president from Tonawanda. He too met with the UAW, the then Minister Rhodes, the Deputy Premier and myself.

As I've said to Mr. Mackenzie before, it is still closed, but we did endeavour to do those things. As a result of that we've established, we believe, a reasonably good communication process with the Ministry of Industry and Tourism. As soon as we become aware of a potential closure there's a co-operative effort at the staff level to see if alternatives can be found, like a purchaser for it.

On occasion, if there's an indication that my intervention is required at any time, I will do so.

Mr. Bounsall: A supplementary: How many have you directly intervened in?

Hon. Mr. Elgie: I intervened directly in the Boise Cascade situation bringing the parties together directly myself. Then on a later occasion, in conjunction with the member for

that area, Pat Reid, I met with the company and subsequently—as you know—had a disputes advisory committee involved.

In the Inco situation I was personally involved over one stretch of time for three straight days including a large chunk of the night, and continue to be personally involved in Inco negotiations.

Mr. Bradley: The problem is you weren't the minister six months before—

Hon. Mr. Elgie: I was involved in the ministerial compromise offer in the Inco situation which led to the settlement in Fort Erie but not in Sudbury. I was personally involved in the TTC one, too.

Mr. Bradley: I don't ask you to comment on the previous minister, but one of the problems was that you weren't the minister before. Apparently you have intervened when you've seen fit in extreme circumstances, and I commend that. I don't think you should intervene in all of them—only in extreme circumstances.

You might be the minister of something else later on and, the fact is the mechanism is not there to prevent this from happening. You've bent over backwards. I think you've said, in effect, that you'd go over the head of the union and put the last company offer if you had to, to a vote. If that isn't bending over, almost to the floor, to give the company its way so that the plant could stay open, what is it? I'm not saying you're pro-company. I'm saying that you gave that company every possible chance to come to terms with its employees. The employees ended up virtually in the position of almost being on their knee to keep that plant open, still a solution could not be found to it, because the decision had already been made by the company.

Have you developed any other mechanism other than those that you've mentioned—consulting with the Ministry of Industry and Tourism—to alleviate the circumstances that existed in this kind of case?

Hon. Mr. Elgie: In response to the other question, before I forget, I also was involved in the CUPE hospital negotiations. I flew from Elliot Lake twice to be involved in those. And I was involved in National Steel, too.

The mechanism that we like to think is contributing in a way is to try and assess the propriety from a business point of view whether it's a valid thing. This is particularly so in the Ministry of Industry and Tourism. If it is and the company insists on dropping it, we find out if a purchaser can be found for all or part of it. That's the mechanism we have to date. It's a co-operative effort between us.

Mr. Haggerty: I just want a supplementary. It relates to phasing out of plants in the Niagara peninsula and it relates to Market Electric in Fort Erie which means maybe 5 to 80 jobs—

Mr. Chairman: In fairness, Mr. Haggerty, you have spoken. I don't want to cut you off because we're not going to do anything on this vote tonight. But Mr. MacDonald asked to speak an hour and a half ago.

Hon. Mr. Elgie: I'd like to take 60 seconds. May I respond to that, Mr. Chairman? I personally asked company representatives to come to my office to discuss that. We were fortunate in that there was an employee of the Ministry of Industry and Tourism who deals with that same area who in private life, prior to coming to the ministry, had been in that business and indeed had looked at that plant himself. So we had the advantage of his knowledge of that plant and its capability and as a result of that meeting that I convened myself we were satisfied it was not viable.

Mr. Haggerty: It was not viable.

Mr. MacDonald: Mr. Chairman, I would like to return just briefly to the use of police in strikes. I'd like to recall for the minister my experience of yesteryear out of which, I thought, flowed a rather constructive suggestion. I put it to a previous minister in his government and I like to put it to this minister.

Back in the days when Allan Lawrence as Attorney General and/or Solicitor General there was a rock concert held at Orangeville. As often happens in rock concerts when you have hundreds of thousands of people involved, extra police had to be called in because of traffic and because of alleged rowdiness and the use of drugs, et cetera. Mr. Lawrence was quite vigorous in saying that when somebody came in on a profit-making venture and was going to walk out with thousands of dollars of profit, it was not correct that you should dip into the public treasury for the excessive use of police to facilitate this whole profit-making venture.

I thought he made a rather interesting and good point. By coincidence that very morning I'd been on the picket line of Union, Matthey and Mallory, a strike of the precious metal workers out in my area in which there were about 75 women workers trying to prevent scabs being taken through the picket line. They had 15 or 20 policemen including two mounted policemen on horses there to facilitate this entry of scabs through into the plant, to attempt to break the strike.

So I asked Mr. Lawrence, in light of his proposal that if the operator of a rock concert, in his view, should pay for some of the police force, would it not be a fair proposition that if management in a strike situation requested and got significant use of police forces beyond the normal, that they should have to pay for it. He thought it was rather an interesting idea. Unfortunately he saw greener fields and went off, and I never got the results of his pondering on the issue.

I recount the situation in Ontario where we spent over \$1 million for the protection of Fleck during a strike. We have now in Boise Cascade a situation in which Fort Frances was spending \$669 a day and Kenora \$335 a day for the local municipal police, and the OPP \$10,587 a day; for a total of \$11,591 a day for Boise Cascade. Do you not think it would be a fair proposition that part or all of this public expenditure for the benefit of management in a labour-management dispute should be paid? And if you were to assess something—a portion or all of that—to management, don't you think it would likely reduce, almost in advance of the strike, solicitation for assistance from the police on the part of management, which is a rather common practice?

Hon. Mr. Elgie: I don't like to run the Solicitor General's ministry and I would resent it if he ran mine. But that would be a difficult thing to assess, wouldn't it?

You would first have to make the determination that the police hadn't been sent there for legal preservation of law and order purposes, but rather that they had been sent there—

Mr. MacDonald: I think the problem is of law and order, a problem often caused by the presence of the police.

Hon. Mr. Elgie: —following a request that was improper. One would have to make a determination that it was an improper request. That would be something I'd be glad to talk to the Solicitor General about but I'm not going to prejudge whatever decisions he makes about his ministry.

[10:30]

Mr. MacDonald: I'm not for the moment interested in retroactivity but I hope you don't go off into federal politics before you've given me your answer.

Hon. Mr. Elgie: You have my promise.

Mr. MacDonald: Very good.

Mr. Chairman: Since it is 10:30, this meeting will adjourn.

If the committee agrees to sit, a week from Monday night we could finish a week from Wednesday, providing there's no interruption

with the program of these estimates, instead of having to sit two weeks from tonight. The committee adjourned at 10:31 p.m.

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No. R-39

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Official Report (Hansard)

Resources Development Committee

Estimates, Ministry of Labour

Third Session, 31st Parliament

Tuesday, December 11, 1979

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

TUESDAY, DECEMBER 11, 1979

The committee met at 8:03 p.m. in committee room 1.

ESTIMATES, MINISTRY OF LABOUR

(continued)

Mr. Chairman: There are no Liberal members here, but I understand they may be a little delayed tonight.

Ms. Bryden: There is a procedural matter that I think the Liberals have agreed to. Whether you want to do it now or wait until one or two of them are here, I don't know.

Mr. Chairman: I want to wait until they come. Yes, I would rather do that. I think, Mr. Mackenzie, you were next on the list on vote 2401.

On vote 2401, ministry administration program; item 1, main office:

Mr. Mackenzie: There are only a few things that I still wanted to cover generally, Mr. Chairman, to see whether a little more information might be available from the ministry.

I would like to deal for a moment with the question of one of the recommendations that was also in the Ontario Federation of Labour brief dealing with security guards, and whether or not the ministry has any particular plans in terms of the right of security guards to belong to a union of their choice. As you know, they are restricted now to a separate unit. I have had a number of examples come to me over the past period of time.

I had a small delegation of guards in talking to me just yesterday, for example, from the Metropolitan Toronto Library. They are working at the moment with Tremblay Security Services Limited. They are getting \$3.25 an hour and their uniforms and little else other than what is covered under employment standards. They have been notified that Intertec Security & Investigation Limited will take over as of the beginning of January and none of them has had any notification as to where they stand, if anywhere at all. I gather this is a fairly common practice.

I think there are only 12 or 13 guards in that particular location group but their appeal to me was, "Why don't we have the right as long as we are in a separate unit to join the union of our choice, and at what stage in

the game are we going to have some rights which we just simply don't have at the moment?"

Some of them put a very good presentation forward to me yesterday. They are a bunch of people who in another three weeks' time are facing the loss of their jobs. That is the kind of concern that seems to be given to these people. Where the blazes do they stand? It certainly raises some questions in my mind and underscores the validity of the recommendation—recommendation number eight—made by the OFL in terms of security guards. I am wondering what the ministry has done, or is doing, or is contemplating in terms of security guards and their rights to organize.

Hon. Mr. Elgie: Could I ask the deputy to review the background on that?

Mr. Armstrong: I don't have the Labour Relations Act before me but my recollection is that the security guards division of the act has been in force for about a decade. The rationale for a separate bargaining unit and a bargaining agent distinct from the bargaining agent of the production employees or whatever is that there is a separate and distinct community of interest among security guards, as separate and distinct from those of the production unit or the office unit as the case may be.

I might say that apart from whatever representations may be made from time to time by the federation, to my knowledge in the period during which I have been deputy minister there have been no direct representations made by the organization representing security guards or, indeed, by individual security guards. I guess I would have to say to you that it is not an issue that is under active consideration by the ministry, to my knowledge.

Mr. Mackenzie: How many of them are organized in their own group? I know of very few.

Mr. Armstrong: I guess there are two unions—the United Plant Guard Workers of America, and there is one other. Mr. Haywood, do you have the figures on the number of security guards organized in Ontario? Can you obtain those for us?

Mr. Haywood: We can get you those figures.

Mr. Mackenzie: Are you aware whether there is any quantity of them to speak of in terms of the number of security guards that we have employed, Mr. Minister?

Hon. Mr. Elgie: Personally I'm not, no. Do you have the figures on that?

Mr. Armstrong: I would hesitate to hazard a guess on numbers before we get the numbers for you. I can remember from my years of practice that they used to come before the Ontario Labour Relations Board from time to time, but I cannot tell you in terms of absolute numbers.

Hon. Mr. Elgie: Can you get them tomorrow for us, Len?

Mr. Haywood: I can get them, sir, yes.

Hon. Mr. Elgie: Thank you.

Mr. Mackenzie: I have never heard of a brief that they have submitted or an organized attempt that they have made. I would like to know if they ever have come before the ministry in a delegation.

Hon. Mr. Elgie: Not before me, no.

Mr. Mackenzie: I suspect they have not, because there is almost no knowledge of them at the OFL level either, in terms of any viable organization. I think what you are really looking at is no organization, in effect, and that is why you would not get submissions or the requests from them. They have really no viable organization to speak of.

Mr. Armstrong: Oh, I don't think that is true. As I say, they are a former client of mine and the United Plant Guard Workers have an organization, very definitely. It is an American organization affiliated with the AFL-CIO and they work out of Chicago. At least they had, seven or eight years ago, a very viable organization. I believe that still to be the case, but as I say, Mr. Haywood can provide you with the information as to the extent of their activity before the Ontario Labour Relations Board in recent years.

Mr. Mackenzie: It may be that there is some shortcoming even at the labour end of it because there is very little advice they can get, nor is there anybody to whom you can be directed even at the OFL level, when I started making some calls about it. I really question how viable an organization there is, period.

This is happening in a number of other fields that I want to touch on briefly. I don't know how you respond to somebody who comes to you—other than the particular job he has, I don't know what makes him so different—somebody who is getting \$3.25 an hour and a uniform and really nothing else,

and says, "Why can't we belong to the union of our choice and what really makes us that much different?"

It would be interesting not only to find the number who are organized, which I suspect is going to be very small, but to find the number of security employees there are in the province: I suspect a heck of a lot of them, given some of the stories I was given in the last couple of days, would love to have a chance to be represented and to organize and to gain some measure of justice that they are not getting at the moment.

I think, after talking to Terry Meagher today about it, that is one of the reasons this recommendation is in there. The OFL gets complaints from time to time as well. It seems to me it is not a big deal. I am really wondering why there would not be some initiative from the ministry and why you would not consider it.

What real arguments can be given against them having the right to organize within any union? Possibly, as the recommendation says, they may have to be a unit of their own, but I fail to see the reasons for not taking some action to allow these people to have a chance to organize.

Hon. Mr. Elgie: In my 16 or 17 months I have never had a presentation from them. Tim, have you, since 1975?

Mr. Armstrong: No, I have not. I assume, although I haven't looked at the debates when that amendment to the Labour Relations Act was passed, that the rationale was that really as security guards they may be required to take action in respect of, in effect, brother employees. Therefore a separate bargaining agent were deemed by the Legislature to be more appropriate for security guards than including them in the same unit as the production employees. I think we can assume that to be the rationale. Whether anything has changed to alter that rationale or to justify change in policy would have to be looked at.

I can simply reiterate what the minister has said. We have not received representation from either individual guards or from the two guards' associations of which I am aware.

Mr. Mackenzie: I have one other point. It is, I guess, what is behind the comments I have been making. What kind of a situation do we have where two or three of the 13 gentlemen, fairly elderly and still dependent on the \$3.25 an hour they are getting, are now informed via the grapevine—they have never been formally notified yet—that as of January 1 a new outfit takes over?

They haven't the foggiest idea whether they will be absorbed or whether they are down the tube. Most of them have been there for a number of years. To me that is part of what the Labour ministry should be all about. I am just wondering what in blazes to tell these gentlemen, because they certainly were concerned about it.

Mr. Armstrong: I suppose we would be very interested in knowing precisely what their plight is, but I can say to you that we have not been presented with that problem. I think the ministry would be happy to hear from them and hear what their problem is and then react to it.

Mr. Mackenzie: Okay. I want to get into it a little more later. I think it really comes under employment standards. Since it is so similar a situation, I was wondering exactly what consideration was being given in terms of another one of the recommendations that dealt with successor rights in the Ontario Federation of Labour brief. I want to use a specific example.

Once again, today I met with two staff people from the hotel and restaurant workers here in town. They pointed out to me the ongoing problem—which I know you are aware of—they are having in terms of the contracting out of food services.

One of the cases they brought to my attention is the Ontario Science Centre, where Versafoods have had the contract and an agreement for 10 years. They have been notified that Steinberg's is taking over as of January 3. Some, not all of them, have been given employment application forms by Steinberg's.

Apparently there is some concern by some of the big food chains now that they may be getting cut out of some of the business by some of the fast food outfits and they are now trying to carve their own niche into food servicing, which gives them a pretty good run at both ends of it, it seems to me.

[8:15]

Steinberg's apparently has taken over the contract at the Ontario Science Centre. Once again, a good number of employees there in the food service catering end of it haven't the foggiest idea where they stand or what is going to happen to them, other than that some of them have been given an employment application form. I gather it is the son of the old man who has taken charge of this particular new division of Steinberg's.

Incidentally, this is the latest case in point, but it has happened at York University and in a number of hospitals and other operations.

In most cases they have a devil of a time getting successor rights. They are not even sure there would be any chance here if the equipment is sold first or transferred to the science centre and then to Steinberg's. According to the staff representatives their chances at successor rights would then be practically down the drain. It seems to me that employees are getting hurt with this particular kind of operation as well.

They pointed out that in the case of York University it went from Versafoods, which had had the contract for a number of years, to five different catering outfits. Some of their people ended up on the outside on that particular transfer as well.

As a matter of fact, I have been involved in two or three other transfers like this. The only one I had any success with I didn't get from the ministry. I am not sure if I mentioned this to the minister or not, but I have to give Jim Snow credit at least once because the employees were pretty desperate in the catering end of it at Downsview. After I had a talk with him I got a commitment from him that at least he would talk to the people who were bidding on the contracts. I happily heard some time later that they incorporated all of the employees who had been in the operation. That doesn't happen in probably most of the cases.

So once again employees who are in the lower income level and probably really busting for the few bucks they get on that, end up just being cast aside like so much chaff. It is not a very nice situation. It ties in somewhat with the question of the security guards, the people in this kind of income level.

What are we really doing to say that before we allow somebody to take over a new contract in one of these, particularly I would think where the government is involved, he has to guarantee that he will pick up the employees or we get a guarantee of successor rights and the same employees are kept there? I do not think that is too much to ask.

I was rather amazed to find out that some of the firms bidding did not know there was a collective agreement there. Hydro—once again to give it credit—in every case notifies any bidders on new contracts for Hydro operations that there is a union contract. Hydro, to the best of the hotel and restaurant workers' unions' knowledge, is the only firm that does that. They said they have no way of knowing who bids. Two of the firms that bid at the Ontario Science Centre had contracts with the Hotel and Restaurant Employees' and Bartenders' International

Union in similar-type operations. They got a copy of the contract from the union because the union knew they were bidding for the Ontario Science Centre.

But the union had no idea, for example, that Steinberg's was bidding and therefore no mechanism whereby they could have given them a copy of the contract or got a guarantee that Steinberg's would take any action on successor rights.

It seems to me we have some real answers to get in terms of people in this kind of trade, at this kind of income level and with this particular kind of problem. Is this something the ministry has taken a look at at all, or will now take a look at?

Mr. Armstrong: I think your comments are accurate. I think in the case of catering services where there is a change in the contractor, the jurisprudence before the Ontario Labour Relations Board doesn't give very much affirmative hope to the employees of succeeding under section 55. I think that is accurate.

I know some employers—including, I might say, the Ontario government with respect to its cleaning services—do take the position that somebody making a tender on a contract must pay existing wages and must offer priority treatment to existing employees. I think it is accurate to say that section 55 is not a very reassuring vehicle for the union at least by which to assert successor bargaining rights.

Mr. Mackenzie: It is more than just the union, although that is obviously the vehicle. It is the employees who are involved. They are the ones who are getting taken to the cleaners and something has got to be done about it.

Hon. Mr. Elgie: Mr. Armstrong mentioned cleaning staff, and I had some involvement in that. It was as a result of those discussions that the changes that Mr. Armstrong referred to are now in vogue. The problem in the private sector is one I am prepared to look at.

Mr. Mackenzie: One of the other three remaining points I wanted to make quickly was to deal with the studies that you people were doing, which you didn't appear prepared to give us a year ago when the same sort of questions were asked. What is going on in terms of tips and studies into tips and the use of tips? When can we expect to get the information?

Hon. Mr. Elgie: Mr. Swartz, can you give us a status report on your tip study?

Mr. Swartz: There is an ongoing survey of tipped employees working in restaurant service occupations where a tip differential

applies. We have surveyed the employers, got the names of the employees and now have a survey out to employees and are getting responses back. We have preliminary information available and coded, and some analysis will be completed by the end of January. We are anticipating the completed report by the end of March.

The difficulty was in sampling the establishments, since there are thousands of restaurants operating this way, and finding out which ones really do apply and what their practices were. The next difficulty was in contacting the employees in a way that would not subject them to any coercion on the part of management. We had to be able to get the information from the employees in a manner that would be accurate and yet written in confidence. We are in the process of doing that now.

Hon. Mr. Elgie: This is the first time we have got information from employees, isn't it?

Mr. Swartz: That's correct. I can leave members a copy of the employee questionnaire and the survey instruments if you are interested.

Hon. Mr. Elgie: May I just interject? I would be happy to let the members have a copy of that report when it is completed.

Mr. Mackenzie: Okay. Are the employees being interviewed while they are on the job in some cases?

Mr. Swartz: No. The employment standards officers went into the establishments and got the payroll list, the names and addresses of the employees. We then had a mail survey. We sent out to the employees a fairly strong explanatory letter listing our office and our phone numbers, inviting them to call us collect on their own time—when they are at home, not at work—if they have any questions regarding the survey. We got quite a few calls and I think it is generally a fairly good response from the people we are surveying. They don't seem to be upset or offended by the survey questionnaire.

We did have to assure them, though, that the information would be strictly confidential and no information would be revealed on tips or the amount of tips et cetera. Their first concern was that we were inquiring for taxation or revenue purposes and we had to allay that concern. This has nothing to do with any matters relating to taxation.

Mr. Mackenzie: I raised that with you only because in the course of documenting some additional information on what is happening to tips in a couple of restaurants in my own town, one in particular, over the last two or three days, I was introduced by the

person to whom I was talking to another employee who was a waitress. She told me she had served a table where a couple of gentlemen had asked her a whole series of questions about how many tips she got, the disclosure of them and so on. She had no idea who they were. That is why I wondered if you were doing any questioning in restaurants.

What I found significant was not that, really, but the response of this particular woman, who simply said, "I didn't tell them the truth because I didn't trust them and I didn't know whether it was the restaurant itself that was responsible for the kind of questions I was being asked." That was just a total statement of fact given to me, and that is why I am really wondering what kind of information you are getting and what kind of verification procedures you are using.

Mr. Swartz: That occurred as a result of our work being conducted by the employment standards officers, which should not have occurred. The employment standards officers, who were in the field, were given a questionnaire to apply to the employers that was considerably different from the questionnaire being sent to the employees by mail. They purposely were not given copies of the employees' questionnaire to avoid that.

The issue is a public issue. It could have been other people. I have heard of no complaints regarding this and, as I say, our telephone number is now public and we have invited people to call us collect. That has not been an issue at this time.

Mr. Van Horne: Mr. Chairman, if I may interject, in my own community we have had calls—at least it has been reported to me that the New Democratic Party has done surveys on this type of issue, and I just would like to reflect the question back on to the member and ask whether it is pursuing this as an issue?

Mr. Mackenzie: I will respond to that, briefly. Unless there is something going on in the party in this particular field that I know nothing about—and I would do some kicking if I did—I'd say no, we have no surveys. I have done some going around myself, talking to a number of people in a number of restaurants, but certainly that is all and they don't include your area, frankly.

Mr. Van Horne: I prefer to ask the question openly here, rather than do something that would be considered obtuse, and try to determine from where the questions came.

Mr. Mackenzie: The other thing going on is that we have asked the union involved—and it has been doing a fair amount of work on it

with questionnaires to its own members—just what the various practices are in the various operations where they have contracts.

Mr. Van Horne: I would be very interested to determine that in my own community.

Mr. Wildman: A supplementary: Could you tell me what percentage response or what preliminary figures you have received on your questionnaire? Can you also tell me if the questionnaire is worded in such a way that it will get some information on the incidence of management or higher employee kickbacks in terms of tips?

Mr. Swartz: The only information I have available right now is the information we got from employers. It is only one side of the picture. We have had a very low response rate so far from employees, because we just got the bulk of our questionnaires out about a week or so ago. We are not anticipating a very substantial return now, with the mail problems and everything else.

We obtained 280 usable employer responses. There were a few, not many, employer responses that were not usable for a variety of reasons. We actually surveyed 313 employers in licensed premises. This was province-wide. We have mailed out our survey questionnaires to approximately 2,000 waiters, waitresses and bartenders employed in these premises.

In the employer responses our preliminary findings indicate that approximately 25 per cent of the establishments had formal tip-sharing arrangements, according to the employer. Another eight per cent had a tip-pooling arrangement. A number of employers, or the people who were representing management in many cases, didn't know whether any such arrangements existed.

Thirty-three per cent said, "We have a defined standard of tip-sharing." The number that do have tip-sharing practices could be higher. Of that 33 per cent that said, "Yes, we have a tip-sharing arrangement," just over half said their tip-sharing or pooling defined through a house policy the way that the tips should be distributed.

We have further information on how tips were treated regarding credit cards et cetera. Eleven per cent of establishments deducted credit-card transaction costs from credit-card tips. Remember, an awful lot of the establishments we dealt with do so little credit-card business that we are not at all surprised by that 11 per cent response. That would be in keeping with a fair distribution of the types of establishments in which liquor would be served, and where tips would be subject to a tip differential income base. Of those, the

amounts of deductions ranged from three per cent to 10 per cent of the tip, with the average being around five per cent, which is around the average that your higher-volume-income premises using credit cards would be paying for their credit-card costs through Chagex and other companies.

[8:30]

Mr. Wildman: When you say tip-sharing are you talking about sharing among employees, or sharing with management, or both?

Mr. Swartz: It could be both.

Mr. Wildman: In other words, in the latter instance the employee is basically subsidizing management.

Mr. Swartz: That's right. What we are trying to define is we are trying to get out of the employees, through the employee questionnaires, just how those tips are shared, just who is in on the sharing arrangement. Is it front-room people, people in the kitchen and the back rooms, pure management people et cetera. We felt you are not going to get an accurate reflection on that side of it from whoever is in charge when you walk into examine the situation.

Hon. Mr. Elgie: How do these figures compare to the figures you had last time, and will they be subject to the criticism that they had the last time?

Mr. Swartz: I don't know if I can answer that.

Mr. Mackenzie: Are you referring to the study that was going on that we looked at a year ago?

Hon. Mr. Elgie: It was a very small study. It was employer-oriented only. The criticism was that it was mainly outside Toronto and didn't reflect practices in major cities.

Mr. Swartz: As I recall, Dr. Elgie, the previous analysis was quite small and if there are significant differences they could be attributed to sample size rather than anything else. We feel very much that because we spent a lot of time and a lot of effort in design of this sample and in conduct of the survey, this will be the more accurate statement and more reflective of what practices are across the province. Our previous review of this had been of a much more limited extent.

Mr. Van Horne: Do you have the expertise within your staff to design surveys, or do you periodically seek outside assistance?

Hon. Mr. Elgie: This one was designed internally, wasn't it?

Mr. Swartz: Yes.

Hon. Mr. Elgie: And whatever else was done was done internally too, was it?

Mr. Swartz: Yes.

Hon. Mr. Elgie: Yes, we have the capability to do it internally.

Mr. Swartz: We don't maintain a survey capacity such as Statistics Canada would have, and we are not in the major business of conducting surveys, but it is a fair amount of our effort. We have statisticians and economists, and we are capable of designing it and mounting it.

I think where we have problems in survey work would be in the conduct of a lot of surveys. We don't have field staff, and depending on the nature of survey requests that is where we may have to go outside.

Mr. Armstrong: Just on that point, Mr. Chairman, if I may, it might be useful to add that when this issue arose in the press some months ago meetings were held—at the initiative of the ministry—with representatives of the hotel and restaurant employees' union, the Canadian Brotherhood of Railway Transport and General Workers, and as a matter of fact the secretary-treasurer of the Ontario Federation of Labour, and we asked for examples of abuses. While we received certain individual instances, the responses appeared to be rather more anecdotal than statistical and revealing, and the major complaints seemed to relate to the deductions with respect to credit cards and the walk-aways.

Those seemed to be really the two items of major concern, and we invited the persons who attended that meeting to give us any written submissions that they might care to make. But I think it was obvious to us that in order to get a real handle on the abuses that might be taking place we needed the kind of survey that Mr. Swartz is talking about, and therefore it is under way.

Mr. Mackenzie: I would like to jog your memory a bit. One year ago, on December 6, dealing with the responsibility that I thought the minister had in terms of seeing a proper distribution of the tips and that the employees have input into it, the minister responded, "Yes, I agree with you, we have a responsibility to make sure the tips are distributed." To my question, "Can we expect to see some legislation that would accomplish that?" the minister replied: "You can expect me to review that as a part of the employment standards review package that is under way."

That was a year ago and the problem hasn't gone away. I think we will have some more specific cases to raise with you under

employment standards and I would like to think that it won't be another year before we see something done about what I think is a ripoff of employees and an improper use by employers to finance other parts of their operation.

Hon. Mr. Elgie: We have met with representatives of the trade union movement and employers, and we have the study under way and other things going on.

Mr. Mackenzie: Has there been any additional look at the question of topless waitresses in terms of legislation through the Labour ministry, or is that a dead issue?

Hon. Mr. Elgie: It is my understanding that in addition to the municipal powers now available, the Ontario Human Rights Commission presently has a case on which a judgement hasn't been given. I think it is the Molly and Me case, and we are awaiting a decision on that very issue.

Mr. Mackenzie: You didn't agree a year ago, but I would still recommend that you take a look at some of the possibilities through the Employment Standards Act.

Hon. Mr. Elgie: The point is the present code may be broadened to cover that problem.

Mr. Mackenzie: Okay, I have exactly two more small points to make. The first point is an important one, but I don't intend to spend a lot of time on it at present. I know that you received from the United Electrical Workers in Hamilton, and I guess from the national office as well, suggested components of a bill which presented some of the problems they are having in terms of plant closures, plant moves and what happens to the employees. They made seven specific suggestions. Are you aware of that particular document, Mr. Minister?

Hon. Mr. Elgie: I don't have that immediately at my fingertips.

Mr. Mackenzie: I had reservations about only one of the points, but I would like to put it on record with you here and ask that somewhere in the course of the next short period of time there be some response to it.

They suggested: 1. A two-year notice to employees and governments, of intention to close out an operation, department or a plant in order to move to another location or to close out any such operation permanently. A mandatory public hearing should be held under the Ontario Labour Relations Boards into the reasons for the move. The Ontario Labour Relations Board would set up a special commission charged with conducting investigations, holding hearings and evaluating

the impact of plant closings. An incumbent union having a collective agreement at the plant where the closing is taking place shall have the right to participate in hearings and have access to all presentations and decisions of the board.

2. Employees must be offered transfer rights, carrying all benefits and wage rights, plus relocation costs to be borne by the company. I heartily endorse that, given some of the experiences I am aware of myself with the steel workers.

3. When an employee finds it impossible to make the move for reasons of family, health et cetera, or chooses not to move, the employee shall receive 85 per cent of his or her average wage for up to 52 weeks, or two weeks' pay at an average wage for every year of service with the company, whichever is greater, plus all other contractual benefits, such as insurance, pensions, medical and dental coverage, et cetera.

4. Collective bargaining rates of the incumbent union are to follow the move, which really is under the heading of successor rights.

5. Extensive job training is to be provided at the new location or, on an internal transfer, in the home plant of such employee.

7. In the event a corporation fails to adequately provide the safeguards outlined above, the Legislature shall have the power to set up a public corporation to take over.

I bypassed number six only because I have some difficulty with it, although I understand what they are trying to do. That is, the company shall make a one-time payment to the local government of 85 per cent of the tax loss resulting from such a move. I know they presented this to you with some supporting information during the hearing they had. Have you made a formal response to those particular suggestions of theirs?

Also, as I mentioned in the leadoff, have you any particular comments to the piece in the Hamilton Spectator of Wednesday, October 24, by Allan Toulin, Spectator staff, which said: A Westinghouse official admitted yesterday that one of the reasons the company is moving part of its operation out of Hamilton is to escape the union. "Having a non-union shop at the new plant in Alliston is part of Westinghouse's strategy to boost productivity and salvage its troubled switchgear division, Cecil MacNeil, vice-president of the division, told the Ontario Labour Relations Board."

Has there been any particular response to the suggestions they have made, and if the statement or the response of Mr. McNeil

doesn't really indicate there was more than a little validity in the charge that they would dearly love to get rid of the union?

Hon. Mr. Elgie: I can only say, as I did the other day, Mr. Mackenzie, that the three issues where it's alleged that a company has moved to evade a union are before the board. In one of these cases they are already unionized in the other plant. From my cursory inquiry it would be unusual if the other plants didn't become unionized in some way.

As to whether or not we've responded to the brief, Mr. Ignatieff did meet with the United Electrical Workers. I wasn't at that meeting and we have not yet responded to them.

About three or four weeks ago the Carruthers commission report came down about the question of plant relocation and closure and we're in the midst of reviewing that as well. So I have to tell you that we don't have any policy recommendations yet but we're reviewing it.

Mr. Mackenzie: Will there be an answer to these particular points given to the UEW?

Hon. Mr. Elgie: Mr. Ignatieff, what commitments were given about responding to that brief? At that time I wasn't there.

Mr. Ignatieff: Mr. Minister, I could undertake to check the receipt of the UEW correspondence. The meeting that I'm referring to took place with the Premier last May and was concerned in particular with the question that's now before the Ontario Labour Relations Board, and that was the immediate closure of the switchgear division in Hamilton.

I'm afraid I don't recall the specifics of the letter to which Mr. Mackenzie referred and I will undertake to check and see what the ministry has received.

Mr. Mackenzie: I would be interested in your response to the particular points they're making. That's why I'm raising it and that's why I read them into the record.

I have a final point I want to raise for now. Most of the rest of the things we can do under the various votes.

Mr. Van Horne: Mr. Mackenzie, do you mind if I add to that?

Mr. Mackenzie: No.

Mr. Van Horne: I'm sure these people met not only with your caucus but with ours. When they met with us there was a reference to the federal government and the need for liaison, particularly on the points of their brief of November, in so far as the one-time payment to local government of 85 per cent tax loss resulting from such above. "Above"

is: "Extensive job training shall be provided at the new location" et cetera.

What kind of liaison has gone on between the provincial and federal governments in this matter? I'm not sure, Mr. Mackenzie, if you made reference to that point or if we had any suggestion of reply from the minister on that.

Mr. Mackenzie: I don't know. I would be interested myself. There were a number of other points they made in the brief too. I was just highlighting the seven recommendations they had in my few comments here today.

Hon. Mr. Elgie: Actually, as I mentioned to Mr. Mackenzie, the Carruthers commission report, which was a federal report, is in our hands now and I know that the federal Labour minister has reviewed it. It's our plan to meet with him to review their response to it as well as our own. I expect that will be some time early in the new year. We met with the Carruthers commission when it was touring the country gathering information.

Mr. Van Horne: Thank you.

Mr. Mackenzie: The final point is a small one and may possibly belong under one of the votes. It concerns rehabilitation and it may even have some status in another ministry as well, but certainly there's a labour matter involved. Mr. Minister.

An employee of Stelco—not a long-time employee—was convicted while his licence was under suspension. It wasn't the first time that it happened. He married and bought a house since the first time. He was given a 90-day detention in the local halfway house in Hamilton, Calvert's House. He applied for a temporary absence program so that he could continue his employment at Stelco and was told that he didn't have enough time.

The union is quite often able to work out a number of these cases. He served part of his time before he got hold of the president of Local 1005 and asked if somebody could come down to the halfway house and bring down some information or a grievance form so that he could make an effort to retain his employment if the union could help him at Stelco.

The major at the house told him that under no circumstances was he going to be allowed to contact anybody, he should not have contacted them, nor would anybody be allowed in with the grievance form, and that he had been warned as part of his sentence not to contact his union, on the order of one of the jail personnel—whose name I have—and also of the supervisor of industrial relations at Stelco.

[8:45]

He was told his case would be discussed at the halfway house meeting and that he stood to be charged with violation of his conditions of detention. There was a meeting over the call he made. As I understand it, they didn't proceed with charges and he is now out of the halfway house. My concern is, what would your reaction be as minister to a refusal to have him make any contact with his union which might protect his job or make an effort to protect his job?

We do have, regardless of the offence committed here, a person who is married with one child, a fairly newly-bought house and who stands to, once again, lose just about everything. While I intend to pursue some of the other angles on this a little further, it seems incredible that the protection of a man's job couldn't be guaranteed through a contact that might see whether or not the union could protect him while he was incarcerated.

Hon. Mr. Elgie: I don't have the particular facts, but I'd have to tell you that, subject to any information that I can find about the particular incident—and I hope you will give it to me—I would find that very strange behaviour. I'm prepared to look into that in a very active way if you will give me the information.

Mr. Mackenzie: I will be willing to talk to him about it, yes. I'm through with statements until we get to the various votes, Mr. Chairman.

Ms. Bryden: Mr. Chairman, I really wanted to talk about equal pay for—

Hon. Mr. Elgie: Could I interrupt for one minute? When we met last time I mentioned that last time Dr. Mustard would not be able to be here last week but could be here tonight. Could the committee agree to deal with the Advisory Council on Occupational Health and Occupational Safety tonight so that Dr. Mustard could be free of a continuing commitment?

Ms. Bryden: Mr. Chairman, I thought we were going to deal with the women's bureau and equal pay tonight.

Mr. Mackenzie: We were supposed to finish this vote and then go on to vote 2403. That's the arrangement as I understood it.

Hon. Mr. Elgie: He's under vote 240. I'm just trying to see if we can facilitate life for a lot of people. If we can't, then we'll carry on in whatever order you wish.

Mr. Mackenzie: I can't really argue with you.

Hon. Mr. Elgie: I'm in your hands, but it is under vote 2401 and he has continuing obligations beyond the ministry.

Ms. Bryden: I understood we were going to skip vote 2402 tonight.

Hon. Mr. Elgie: That's right. We're still on item 1 and the advisory committee is under item 1, Ms. Bryden. That's why I brought it up, I mentioned it last week. But I'm in your hands, whatever you wish.

Ms. Bryden: Is there any reason why Dr. Mustard cannot come tomorrow?

Hon. Mr. Elgie: Vote 2401 does include the office of the women's advisor.

Mr. Bounsall: I have a question on that too.

Mr. W. Newman: Mr. Chairman, I would like to make a comment about Dr. Mustard. He's a very capable fellow. I went to high school with him, I think. He is a very busy man and if we could accommodate him tonight I think it would be very appropriate, because I know exactly how busy he is.

Mr. Chairman: If we had short questions perhaps we could work it in.

Hon. Mr. Elgie: It's in your hands.

Mr. McClellan: Why don't we hear Dr. Mustard and then come back to the other stuff?

Mr. Chairman: Fine. Dr. Mustard, will you come to the front?

Mr. Mackenzie: We had questions here that we might have thought of covering under safety and health.

Hon. Mr. Elgie: I know. The next time I think it should be under occupational health and safety. I agree with you. It would be much more appropriate.

Mr. Mackenzie: How do we go about doing it?

Hon. Mr. Elgie: Next year we'll just do it.

Mr. Chairman: Do any of you want to ask questions?

Mr. Van Horne: What sub-heading are we on?

Mr. Chairman: Vote 2401, ministry administration program; item 1, main office.

Hon. Mr. Elgie: If you will turn to your book, page two of the main office descriptive material is on the Advisory Council on Occupational Health and Occupational Safety.

There were some questions earlier about aluminum prophylaxis and I wonder, while the members are looking at the material, if Dr. Mustard could give us the status of the task force's progress with regard to that and tell us who made up that task force?

Dr. Mustard: The advisory council, on receipt of your request to give some advice in this area, decided to do two things:

First of all, to have a look at the general question of prevention in the work place through the administration of a substance or a chemical substance; a policy issue which, I think, on our exploration of it, had never really been investigated.

Secondly, we set up a committee chaired by Dr. Cameron Gray, a well-known chest physician with considerable background in the area, and two well-known people in the field of assessment and evaluation of research material, Professor David Hewitt from the University of Toronto and Professor Gent from McMaster University; to review all the information available about the evidence concerning the value of aluminum dust in the prevention of silicosis.

The overall report of the council, in terms of what we think might be suitable policy guidelines in the future of this, is in the final stages of completion and the report of Professor Gray's task force, on the evidence concerning the value of this in terms of prevention and risks, both to humans and experimentally with animals, should be finished by the end of this month and should be in your hands, hopefully, no later than the middle of January.

Mr. Van Horne: Can I stop you there? I don't know what kind of format you want to follow. If we want Dr. Mustard to go through the whole process and scenario for us, that's fine, but we have very little information on this, so you must appreciate how ignorant we are at times because of the information we don't have.

Let me read to you in part from a clipping from the *Globe and Mail* on September 19, reflecting in part the very little bit of information I have.

"The treatment is based on a process developed in 1936 by the McIntyre Porcupine Mine, now Pamour Mines, part of Noranda Group in the northern Ontario community of Schumacher. The McIntyre Research Foundation, a non-profit organization, was founded by the McIntyre mine in 1939 to obtain patents on the use of aluminum powder."

Between that time and now, can you indicate to us what medical science did to assess the effectiveness of that treatment before this hit us in September 1979? What happened between 1936 or 1939, the two dates mentioned in this news release, and 1979?

Dr. Mustard: I am in the very pleasant position of not being the expert on the council, only being its chairman. We asked Dr. Gray's task force to review all the

evidence in relation to that for us, and that will be part of the package of information which council will be presenting to the ministry in its role as an advisory council.

Mr. Van Horne: Are you saying you can't tell us now?

Dr. Mustard: I can't very well tell you because I haven't had the final report from that task force. I can give you my personal views, which is a totally different thing from the council's views, on the subject.

I might say this, however, to help you a little bit about it, one of the interesting things that you unearth as you explore some of these things—and I must say, being a non-hired hand of government, if I can put that into a proper perspective—

Mr. Van Horne: I'll have difficulty with this, but carry on.

Dr. Mustard: —I am sometimes called a Tory hack, which I find very interesting as well. I'm not sure what my politics really are, but that's aside from this particular question.

Mr. Wildman: Are you disputing the word "Tory" or the word "hack"?

Dr. Mustard: One of the things, you suddenly get tossed on a council—as you know, if you read the act that set up the advisory council—are problems referred to it from the minister, or the council may decide to take on its own things.

The council has maintained a fairly strict rule because, as you probably remember, it's composed of management, labour and the public. Therefore it has tried to retain a reasonably independent role. If it wishes to say things about the ministry it reserves the right to say so. It may have problems in doing that but, nevertheless, it reserves that right.

When the minister refers a problem to it—and I'm going through this so that you understand a little bit about what we do—the council does not accept that it will necessarily take on the minister's request unless it sees good and just reason for doing it. When this problem was referred to it we thought, "Here is yet another one of the garbage pails that the ministry uses to dump its problems in," which is the council. I'm sorry, Mr. Minister. We deliberated about it and realized this was a very interesting problem.

Hon. Mr. Elgie: He's in my hip pocket really. I want you to know that.

Mr. Van Horne: I hope it's rubber lined.

Dr. Mustard: Here was a problem that had not been really addressed. You had what had

been seemingly introduced into the area of occupational health a compulsory prophylactic measure, and the reasons for it. Having a medical background I know it is to extremely difficult to introduce anything compulsory of a preventive nature in the health field without the evidence being extremely well developed.

Looking at this, we realized it was probably not an easy but, nevertheless, an important policy issue about what should be the guidelines behind the introduction of something which is a prophylactic measure involving chemical substance administration to human beings.

Mr. Van Horne: I'm going to have to stop you at this point. I have a difficult time accepting what appears to be the application of a relatively unproven form of either preventive or corrective medicine by this foundation, if not in fact by the medical practitioners.

If you were to try to bring a simple thing such as an Aspirin tablet on the market now you'd have to go through all kinds of exercises.

Dr. Mustard: I agree with you completely. Therefore we tried to establish what we think should be a principle. The principle simply is this—and I don't think I'm letting out a secret about the council's view at the moment—they thought no measures should be introduced as a prophylactic measure unless there was incontrovertible evidence that it's beneficial with minimum risk. We are therefore having our task force report on the evidence to us. Our advice to the minister will include, I hope, a policy provision that covers this, plus our comments about the evidence on the aluminum prophylaxis.

Unfortunately, I'm not able to comment on the evidence supporting the use of aluminum prophylaxis because we don't yet have the full report of Dr. Gray's committee which will provide an assessment of the quality of the evidence.

Mr. Van Horne: Has it not been the case, though, for many decades that any form of treatment or medication could not be supplied to anyone through a patent medicine approach or through drug stores or through foundations without some kind of tacit approval of government? That therefore leads to the obvious question, who the hell approved this stuff?

Dr. Mustard: We haven't found out yet. We've started a quiet search on what food and drug regulations relate to this, and indeed what happened back in the early 1940s.

Mr. Van Horne: That again would tie in to the federal government.

Dr. Mustard: That's right.

Mr. Van Horne: It just blows my mind to hear, day in and day out in the House, "Your kissing cousins in Ottawa did it." I think we should remove ourselves from the sort of obtuse paralysis that we're in in blaming each other about who's doing what in what area of jurisdiction and accept some responsibility for what the hell's going on with the health of the people of this province in Ontario or in Canada.

I'm sorry, I'm editorializing, Mr. Chairman. It bothers me. It seems that there's something really out of whack here.

Mr. Mackenzie: To both the minister and to Dr. Mustard, the request we made was that until the study had been completed, given all of the questions that were in people's minds, would it not have made sense simply to have banned the use of it?

Hon. Mr. Elgie: Forgive me if I'm wrong, but isn't that in effect what we have done? We have complete withdrawal, we have temporary withdrawal and, in one situation, a voluntary situation, we have informed consent.

[9:00]

Mr. Mackenzie: Most of it at the request or the insistence—or even the threat, I guess—of the organized workers, not because we got a very quick order from the ministry.

Hon. Mr. Elgie: That's not true. I met with them all, immediately, I contacted representatives of the mining association and each mine in the province. I met with them personally.

Mr. Wildman: Isn't it true—perhaps Dr. Mustard could comment on this; I believe it was Rio Algom, but it might have been Denison, at Elliot Lake—that in that particular situation the set-up was such that everyone working in the area, both surface and underground workers, was subjected to this treatment as a compulsory thing in order for them to go to work?

So you had situations where people who were not even going underground and who, according to the theory, might have benefited from the process and didn't need it, were being subjected to it because of the particular set-up where they had to go through sort of a hallway or corridor in order to get to work even if they weren't working underground. In fact, you had this being administered to people who, even according to the theory, didn't need it.

Dr. Mustard: I can't answer the question as to what was being done to the people who did not work in the area where there

was silica dust, but I think you are right. The individuals who were going down into the area where they were exposed to silica dust were exposed to the prophylactic measure.

Mr. Wildman: I realize that Elliot Lake is federal.

Dr. Mustard: I'm just talking about the general principle.

Mr. McClellan: I just wanted to try to get a sense of progress with respect to the development of standards and guidelines consistent with your memorandum 78-2 in August 1978. You had set out for the ministry a process, from beginning to end, of working through standards and guidelines. I'm thinking particularly of chemical hazards.

You had submitted the proposed process to the ministry. I assumed from the reply of the minister on February 19, 1979, that the ministry accepted your proposal for a process around standards development. Is that correct?

Dr. Mustard: That is correct. That committee of the council is chaired by Lorne Heard, and during the development there were even some discussions with the ministry staff about suitable arrangements. I think the process the ministry is using is largely compatible with what the proposal was. If you look at page 36, phase three, under (b), we anticipate that Lorne Heard will be loaded with the major responsibility of having to examine final regulations to see if, in his committee's opinion, the process has been appropriately applied to that particular regulation.

Mr. McClellan: I understand the process. It starts when government initiates a period of consultation. There are fairly rigid time frames laid down in the guidelines for the sequence of events. My question is, has phase three, section (b) triggered in yet in any specific standards or guidelines?

Dr. Mustard: Not yet, but we anticipate that we will have that burden on the council, since this is a budget committee meeting I will tell you, which has a very slim resource base to carry out its responsibility.

Mr. Mackenzie: We might not get standards, then, without more money from the government?

Dr. Mustard: No, I'm not saying that. I would just like to make a very straightforward pitch to you that I don't do very much work, but that Arthur Gladstone and Mr. Byrne and the two people with them do a tremendous amount of work to support the

people on this council; give of their time to do a lot of this work.

I just think you should remember that many of these people are coming from fairly heavy responsibilities to put in the time. I'm not necessarily asking for more money. I just would like to emphasize from my viewpoint they work pretty hard to do the tasks that are assigned to them. That's a fair pitch to make.

Mr. McClellan: I appreciate that and I'm grateful for that candour, and so is the minister, I'm sure. I'm concerned that as yet there hasn't apparently been a single product of the process come to your desk. I go back to the minister and say, what's your work load? What are you working on? What specific standards or guidelines have been initiated at the level, say, of phase two? Any?

Hon. Mr. Elgie: It was the summer of 1978, I believe, that the first seven substances were gazetted. I believe Dr. May can go over it in greater detail, but we're ready now to start the gazetting of regulations. Can you comment on that, Dr. May?

Dr. May: Yes, there were three regulations given to the council in January, a regulation on noise, one on lead and one on mercury. In February there will be two more, one on vinyl chloride monomer and one on acrylonitrile. In March we anticipate having one on asbestos, and probably in April or May the one on silica.

Mr. Mackenzie: May I ask, by way of information, why the one on asbestos seems to have taken so long? It seems to me that if there's ever been an issue that's been highlighted it's the asbestos issue, and to the best of my knowledge we've had standards in the United States. What's the holdup here?

Dr. May: One of the difficulties is in getting agreement on the method of analysis and identification of asbestos fibres, whether it should be visual methods or by electron-microscopy. There's some difficulty in getting agreement by the various agencies that will have to do this identification and measurement as to what is an acceptable method.

Mr. Mackenzie: How far away are we going to be from those standards that have been established in the United States on these particular substances?

Dr. May: We're going to be very close.

Mr. Mackenzie: That's one of the reasons why I don't fully understand the dispute over just how we measure it and why we couldn't have moved a little quicker.

Dr. May: Most of these regulations, when they come out, will be accompanied by documentation which identifies the reasons for doing certain things and the difficulties that are being encountered in establishing standards—methods of sampling, methods of detection, methods of measurement.

Mr. Mackenzie: What about arsenic?

Dr. May: That's in the second group we're attacking.

Mr. McClellan: Could you identify the second group and where they're at in the process?

Dr. May: Not without a list in front of me. We've got some 60 planned. Arsenic, benzene, coke oven emissions, acrylonitrile, beryllium cadmium and so on. There's a whole list of them.

Mr. McClellan: Could I ask you if you could provide the list and some idea of where each of the second group is at in the process? That would be really appreciated.

Mr. Mackenzie: Are all of these going to the advisory council also? Do you have responsibility or input on each one of these?

Dr. May: Yes.

Hon. Mr. Elgie: Yes, they all go to the council.

Mr. Mackenzie: I think the appeal that has been made, Mr. Minister, is well taken in terms of whether or not you can expedite the work load a bit with the kind of staff and facilities they have.

Hon. Mr. Elgie: If I'm not mistaken, the advisory council reviews the process that it's gone through.

Dr. Mustard: That's correct.

Mr. Mackenzie: I understand you're not doing the actual testing of them.

Dr. Mustard: That's right. We have to look at them. We have other responsibilities, but we're moving into an area in which it is—and I think Dr. May made the point—extremely important that the reasons and the rationale be well documented, and that the arguments from the different sectors of society concerning it be clearly presented. The advisory council role is to ensure that in its wisdom these have been taken into account in a fair manner.

If they are not, we have a protocol, which is part of our advisory material, which indicates that we will tell the minister that we think: (a) these have been satisfactorily processed, (b) we think there's a problem and there should be reconsideration, or (c) we think there's a major problem, in which case we would probably recommend to the min-

ister that he should establish an ad hoc advisory committee to deal with what we think is the problem, which of course he may reject.

Under the terms under which our council is set up, all of that advice about any of these matters becomes public in the tabling of our annual report in the Legislature. We're now moving into this area. I would remind you that the council is drawn from labour, management and the public. I think I can give you a pretty fair statement that they will look very aggressively at the process that has been carried out in terms of the establishment of these regulations from the standpoint of management, labour and the public.

Mr. McClellan: I assume from what you're saying—correct me if I'm wrong—that the review you conduct would include a review of the scientific base of the standard setting?

Dr. Mustard: It would be a review of the evidence that was used for it. The council would only become concerned if it thought major items of information had been neglected in the review process.

Mr. McClellan: At any rate, a review of the evidence is part of your mandate, so if you don't have enough staff and you are presented with 60—

Dr. Mustard: I don't want the minister to be beaten over the head with this one too hard.

Hon. Mr. Elgie: You don't have a common interest.

Dr. Mustard: The membership of the council is often of people who have considerable experience from the jurisdiction from which they come. They have their own network of expertise in handling some aspects. But you are right, we do not want to become a bottleneck in the process of handling the material.

Mr. McClellan: You have set yourselves a time frame of 30 days?

Dr. Mustard: That's right.

Mr. McClellan: I expect you'll be indicating in your annual report whether you're able to live within the time frame of your own process in doing the review of standards. We'll await your next report with considerable interest.

Mr. Mackenzie: I have a related question. Can we be assured that the ministry will move aggressively as the advisory council in actually setting the standards and regulations once you get the report?

Hon. Mr. Elgie: There's no reason that I know of that we won't be moving as expeditiously as possible.

Mr. McClellan: Have you committed yourself formally to follow the final step of phase three, which is to obtain cabinet approval for standards within 30 days of the receipt of the report of the advisory council's review?

Hon. Mr. Elgie: I believe I seconded that recommendation.

Mr. McClellan: Again, we'll be watching to see what happens. I mean that quite seriously. I think one of the really useful—among other things, one of the most laudable components of the advisory council's process is that it sets out a sequence of time deadlines for each of the stages. We're very anxious that those time deadlines be followed, particularly within the ministry.

With respect to the 60 substances—again, I'm straying more than a little bit into strange territory here—the 60 substances in group two are at what phase of the process? They're at the identification phase?

Dr. May: There are not 60 substances in group two. There are 60 substances in the total list. We have attacked seven in the first group, and I think we have eight in the second group and 10 in the third group. The way we deal with these is not in any particular order. As more and more information comes to light we may change the priority on certain ones in that list.

Mr. Mackenzie: That doesn't mean you could get them dropped from one group to the other and we could end up—

Hon. Mr. Elgie: If there are reasons demonstrated to expedite we're committed to do that, to expedite one single substance from any part of the list. I have an understanding that we'll expedite that substance. I've sent letters out on three or four substances already to labour and management and we have a consultant trying to produce the figures now on three or four substances.

Mr. McClellan: Maybe what would be helpful is if your staff could give us a copy of the complete list with a breakdown of which group each of the substances is in. Then we can come back to the advisory council time frame and try to understand, for illustrative purposes at least, where specific substances fit into the time slot and into the ministry's flow chart or timetable, or whatever you want to call it. I think there's a lot of concern and interest in the speed with which the ministry is proceeding to develop standards and guidelines.

[9:15]

Mr. Mackenzie: That information would not only be helpful but I think might also

do a fair amount to defuse some of the criticisms that you run into, Mr. Minister. If we had some idea of the categories you've already put these substances in and where they stand then we can do a little more accurate measuring of if and when we're getting the results we're looking for.

Hon. Mr. Elgie: As I have said, there's a clear understanding that if there's some reason to expedite from one list to another we're prepared to do that.

Mr. Mackenzie: As long as that doesn't work in reverse, and by a series of expediting moves find that we're not getting action on some of them that otherwise would have been up to the top of the list.

Hon. Mr. Elgie: We can only do what's feasible.

Mr. McClellan: I wanted to ask a question around the council's role with the state of the art, around the recognition of potential new chemical hazards. I must confess that I don't quite understand the material set out in the report.

Could you give me a synopsis of your recommendation and where you understand your recommendation to sit with the ministry at this point, and what your role will be with respect to potential new chemical hazards?

Dr. Mustard: The problem here is one of trying to apply new knowledge to an area in which it's never really been applied before. I think all of you have become aware that during the last 10 years—particularly the last five years—we've become extremely conscious of environmental chemicals and their role in cancer.

The difficulty has been that almost all of our understanding of the role of this has been a result of analysis of problems where somebody has spotted something unusual, such as unusual forms of cancer of the liver, and has tracked it down to maybe something related to the work place. I suppose you can call that retrospective detection.

With the increasing sophistication as research progresses about how chemical substances can cause cancer, there has been developed a series of approaches which may allow one to do some prediction. The dilemma one faces is that the application of studies in laboratories and involving animals are not necessarily immediately applicable to man.

There has been developed in the last five years a series of approaches that allow one to try to detect substances which modify the behaviour of cells in experimental situa-

tions in animals. In a number of countries, experimental approaches are being tried to see if these can be used as predictors of substances which are likely to be damaging.

Secondly, as the classification of substances which can be damaging improves, there are groups of chemicals in which you can have high levels of suspicion. It is possible to set up approaches to monitor them, both experimentally in animal studies and also to monitor them if they are in use involving humans, to see what can take place.

What is set forth here is a set of recommendations which are guidelines by which one tries to say how we should be structuring things to cope with this in the future. You have in the report, the way council is set up, the ministry's response to it. I think the ministry's response is fair. It says they accept a large proportion of the recommendations.

To implement some of them would be very difficult in terms of the state of the art at the moment, but I do think we should all expect to see our ministry, in collaboration with other ministries in Canada—and I would emphasize this point—to be setting up systems to look to the future.

As you know, the new Canadian Centre for Occupational Health and Safety has been established. This surely is one field in which a national centre working in collaboration with the provinces can do a very progressive program for us in trying to monitor and predict and inform about these things in terms of how you try to identify, how you set up systems for monitoring. I realize the language is difficult to understand. The principle is to be progressive and to be alert to the prospects for the future. You will note there is advice to the previous minister about the role of the Canadian centre and this is one of the things we emphasize.

The member for Hamilton East (Mr. MacKenzie) will note the Canadian centre is located in Hamilton and we hope he will give it full support so it can fulfil its national role. This might help solve some of the problems. It is an interesting example that a country in collaboration with the provincial ministries can do something exciting in relation to that advising memorandum. He will have every right to ask the question in one to two years to see what our progress has been. I hope the council will be asking that question of the ministry anyway.

Mr. McClellan: If I can go back to the minister, because of your response to the advisory council's memorandum on the sub-

ject, April 9, 1979, set out in the final paragraph, and I will read it: "While I support in principle the council's recommendations I am concerned about a number of specific points and I have therefore provided a commentary."

Hon. Mr. Elgie: What page are you on?

Mr. McClellan: Page 72. Can you give us a synopsis of the points at variance with the recommendations from the advisory council?

Hon. Mr. Elgie: Could I ask Dr. May to help me in that?

Mr. McClellan: Yes, certainly. Just in a nutshell. I don't want an enormously detailed and laborious answer. I was curious to know what you found difficult about the recommendations from the advisory council.

Dr. May: Yes, the greatest difficulty we had was identifying those chemicals currently in use in Ontario. We do not have an inventory of any size that will cover the 200,000 chemicals known or thought to be used in various chemical processes or in plants.

We had planned to develop an inventory. This is a very time-consuming exercise. It means visiting virtually every plant or having contact with individual plants and getting them to provide a list of all chemicals in current use.

We have looked at many options and we find that what we think is probably the quickest way to do this, because we need this list very quickly, is to adopt for our own use an inventory currently available. The one we prefer is the Environmental Protection Agency's inventory.

The way we are currently considering using this is when a company is using a substance listed in that inventory, it will be designated as an old substance. When any additional chemical is introduced into that plant, if we already have it recorded as being in use elsewhere in Ontario or it is included in that inventory, it would also be an old substance. When a substance is introduced not in use elsewhere and not included in the inventory, that will be a new one and its use will not be permitted until it has gone through certain testing procedures.

Mr. McClellan: I understand now.

Dr. May: The only way we could do that and do that quickly is by some system like that. Otherwise we calculate it would take four years to get even half of the information we need.

Mr. McClellan: Right. So, in a nutshell, you can't know which chemicals to pretest because you don't know the total range of chemicals in use?

Dr. May: That is right.

Mr. McClellan: How quickly will you have the inventory?

Dr. May: We think we should have that reviewed and ready for use in about six months.

Mr. McClellan: From that point on, how will you be in a position to know, first, when new chemicals are introduced and through what processes?

Dr. May: We are going to have those plants notify us of those chemicals currently in their stock list and from that particular time establish a deadline beyond which everything has to be screened.

If it is not included in that inventory it is a new substance and will have to go through all the testing procedures. We will have to be satisfied that in its use the necessary protective measures are there and everybody is informed about the hazards before it can be introduced.

Mr. McClellan: That is a requirement under section 21(2) of the act?

Dr. May: That's right.

Mr. McClellan: What kind of progress is being made in developing, together with the federal government, some kind of facility for pretesting? Once Dr. May has his inventory and companies are reporting new chemicals which will require pretesting, how will the pretesting take place and who will do it?

Dr. May: This, again, we are taking up with the Canadian centre. A president has only recently been appointed to be the operational head of that centre. We already had discussions with him on this particular subject and it is a very high priority on his program.

Mr. McClellan: Do you expect them to be in a position to do that when you start telling him when new chemicals are being used?

Dr. May: Either to do it themselves or to get it done through well established and creditable agencies.

Mr. McClellan: But you expect that within six months they will have the capacity to do the required pre-market testing?

Dr. May: To either do it or farm it out to get it done, yes.

Mr. McClellan: Finally, what is the role of the advisory council in this? Do you have an ongoing role around pre-market testing of potential chemical hazards?

Dr. Mustard: No. I don't see us having a specific role in that, but as an advisory council I think the council will consider its role as one of reviewing from time to time with

the ministry what it is doing in this particular area. If the members of council are unhappy with the progress that is being made, I am sure the council will want to draw this to the attention of the minister, either informally or formally depending upon council's mood over that particular situation.

Mr. McClellan: Thank you.

Mr. Bounsall: I have two or three questions on the activities of the council. A couple of the initiatives which the council took on for the year—the year being the budgetary year, two-thirds of the way along now—you may well have completed. One was to give advice through an advisory memorandum to the minister on occupational hearing loss. Has that been tendered?

Dr. Mustard: The task force reported to the council in November and then with its revised draft today. The council spent about six hours going through the report today. I would think that without there being any further snags, because of the process council uses, that should be in the ministry's hands no later than January 16.

Mr. Bounsall: Is there substantial disagreement on it or is that just the time to prepare it?

Dr. Mustard: There isn't substantial disagreement but when you move into this area, and under the conditions on which we were asked to set it up, you move into a host of very major issues in a series of domains. There is not just the question of the standard, but there is the question of prevention, there is the question of engineering design, et cetera, and all of these have all kinds of implications. When you have a council as heterogeneous as the council that you struck—with management, labour and the public on it—you are going to have a lot of debate about some of the points and the balance and the emphasis. So it is the process.

It is important for me to underline to you that the council works as a whole in taking these reports and shaping them. What you see in this thing is the result of a debate that has gone on among these component forces and what you have is an agreement on this. I don't think there is a substantial disagreement in terms of the basic principles, but it is a question of ensuring that they are comfortable with the evidence as put forward.

One of the things they spent a long time debating today, to give you some example of the problem, is, they said, "Could you not do a real cost-benefit analysis? What is the impact of dropping the regulation to, say, 85 decibels? What does that mean in terms of

industrial cost and what does that mean in terms of prevention?"

[9:30]

We spent a long part of our time trying to go through the information which was available upon which to base that analysis and the council came to the conclusion that a base could be established to do it in the future. It is that kind of thing which I think the council would consider important. You can take problems such as this and give them a very careful examination in terms of costs and benefits in a sector which has a considerable cost to society as you try to reduce the effective noise and hearing loss.

Mr. Bounsall: Today was the first day of debate on it?

Dr. Mustard: No, no. It was the final day of debate on it.

Mr. Bounsall: So you are now ready to write the report?

Dr. Mustard: No, the text has been written.

Mr. Bounsall: So why does it take from between now and until January 16 for it to get to the minister?

Dr. Mustard: Let me tell you that the process that we use—

Mr. Bounsall: The mail is slow, and that is worth one month.

Dr. Mustard: Let me go at it a little bit differently. The council, of course, is composed of people who are part-time, as they should be. We do our reports by involving members of the community; that is, a member of the council is usually chairman of the task force and then we appoint people from the constituency that is outside, labour, management expertise, who are assigned with the task of coming together when they have time to prepare the report. They are not ever full-time.

Arthur Gladstone and his staff have their support in the writing of the document. They prepare the document and they spend a large amount of time researching and talking with people in different constituencies to bring it together. They have prepared a draft document which is some 20 pages, which we had a go at a month ago.

The council felt there should be something examined further and changed. That was handled by the task force which then presented it again today and the council—it is like a hungry dog, if I can describe it that way, a bunch of bull terriers—wants to go at it because the report becomes the council's report to the minister.

In that process, there are three draftings of it required because of the emphasis which members of the council wish to make. That task force will want to see it again and I have to get them to come together. Some of them come from Timmins, some of them come from Sudbury and they have to be able to come to Toronto to look at it. Otherwise you try to push through a document which has not had the full input of all the people. Council has been very careful to ensure that is present. Christmas and New Year's holidays are an added bind. I would hate to say we could get it in before January 16. Hopefully, we will get it in sooner.

Mr. Bounsall: Okay. Where are you on the advisory memorandum on occupational health records?

Dr. Mustard: You mean the one on information that is on here? Let me look at the list you are looking at.

Mr. Bounsall: A report prepared by the ministry said one of your initiatives for the year 1979-80 would be to prepare advice and submit an advisory memorandum to the minister on occupational health records. This is a ministry document, not one of your documents.

Dr. Mustard: I think that is what I am looking at. Which page are you on?

Mr. Bounsall: I am on page four of the explanatory material for the estimates, at the top.

Dr. Mustard: Okay, it is here. That information has gone in. If the word "confidentiality" had appeared I'd understand the significance of that cryptic note more clearly. That has gone in. The matter is in the minister's hands. This is about what you do with a medical record in the field of occupational health and safety and the question of confidentiality of information.

Mr. Bounsall: What did you decide? What did you advise?

Dr. Mustard: Have you got the advisory memorandum? Well I will be talking off the top of my head. I am getting kind of old and at my age I am losing a certain number of neuro-synapses per day.

Hon. Mr. Elgie: More if you drink.

Dr. Mustard: Our advice was that an individual had a right to the access of information about his health. There is a wide difference of opinion in this area. I must say, Mr. Minister, we have not had your response to our advice so perhaps I am going ahead of things here.

Basically, there are certain areas where one might wish protection, but essentially the

feeling of council was that if there is an available record about somebody, under certain circumstances which may have to be qualified occasionally, that individual had a right to know what that information was.

Mr. Bounsall: So the individual, in the case of an occupational health hazard or suspected one, will have to ask individually for their own health records which they could then turn over for collective use. It would go through the individual. That individual had the right to get it all.

Dr. Mustard: That is right. Information about his medical record. The other side of the answer is, the Krever royal commission is also dealing with this issue.

Mr. Bounsall: Is the minister withholding his response until the commission reports in this area?

Hon. Mr. Elgie: Pardon me, what stage are we on that? By the way, the council submitted a brief to the Krever commission on its own, as did this ministry.

Dr. Mustard: Actually this is not an advisory memorandum officially, it is a letter response to you in request to your asking council's views on this.

Hon. Mr. Elgie: What stage are we at in preparing that response?

Dr. May: I think it is almost completed.

Mr. Bounsall: What is the response?

Dr. May: I haven't got it with me.

Mr. Mackenzie: Does it involve the questions the steel workers have raised in the Red Lake and arsenic problem, questions of medical records and confidentiality?

Dr. May: On the screening tests that are being carried out and the question of confidentiality and identity of individuals, yes.

Mr. Bounsall: There's one other point about the subcommittees of the council that rather slightly amuses me. Perhaps I don't recognize the seriousness of it, but it just strikes me as being rather peculiar that the council would have a task force on public hearings or public meetings of the council. What on earth are they trying to decide? Surely it is not whether or not to have public meetings on setting of standards? Is it the format of public meetings?

Dr. Mustard: That task force has now been disbanded. I will be very blunt with you, the chairman of council has tried to dissuade his colleagues that the council should serve a real function between the constituency which is impacted on by the Ministry of Labour's role in this area and the ministry.

Many members of council, the good citizens, are a bit wary of what this may mean.

What I have tried to do, and tried to get the task force to do, is to look at the question as to how could this council allow for interaction with the constituency out there about issues that involve a debate. We really have bitten into the first area and we are going through the experimental stage to see if we can work as a buffer body, to be bruised by the constituency out there and hopefully bruised by the other side of the government itself, which is the sign that you have been reasonably successful.

What we have done, and this comes out of the deliberations of that task force, is looked at the question of the safety associations, which some of you are familiar with, and their role. It always has been a controversial area and there are several reports in the archives over the last 20 years which testify to this. We were hearing all kinds of implications and rumours about what their future should be and why the Bill 70, and so we decided, collectively, as a council that we should really take on the subject of what might be the future role of the safety associations.

We have met with the safety associations and articulated to them—I am now going through the product of what that task force then did—met with them, which was part of a public hearing, open meeting, in which we said to all safety associations, "please come when your colleagues are talking. Anybody can come if they want to, including the Women's Compensation Board and the ministry staff."

They gave us their briefs as to what they might be doing for the future. We then prepared a position paper, which has gone out to everybody, about what we think might be some considerations about the safety association, perhaps some considerations, some issues we brought forward about what we think are challenges that they have to meet, including some comments that we have about the very positive and the very novel role many of them play in this field of occupational health and safety.

Some of those things we have raised are a real challenge, I think they can really cause some agony and some of them they absolutely disagree with. But we have said, "We would like you now to meet with us in February in formal sessions of the council in which you can prepare your responses to the things in this document that you agree with and you disagree with." We set it up as a two-stage process. A couple of the areas are very controversial issues and we will have a second set of hearings in July.

It is anticipated that out of the results of the February hearings we will submit to the minister, by the end of this fiscal year—and that is an optimism on my part—our first advisory memorandum on the role of the safety association in the 1980s. That is going through its process with this committee set-up, and it's an interesting sort of process to have set it up with the idea of taking an area, a constituency, setting out a challenge as to what we think of some of the issues, getting a response, getting a document out, and then getting their feedback, out of which we will draw up an advisory memorandum for the minister.

Mr. Bounsall: So it's determined to have these public hearings? You have now taken it in to the safety associations' area and you can see other areas in which you take that same format of public meetings?

Dr. Mustard: I think one would see this, yes.

Mr. Bounsall: So the council really has agreed on public hearings?

Dr. Mustard: The chairman has, I'm not sure the whole council has. But I got them going on this one in the hope that if they find it successful they will feel comfortable with the rest.

Mr. Bounsall: Are they deferring their decision on whether public hearings—

Dr. Mustard: No, I think they accept the principle in this kind of situation, that it is a good role for the council to play in this instance.

Mr. Bounsall: You say, "in this situation." Are you saying that council may well say, "It works fine with the safety associations, but we can't see other areas that it would work in?" Just what do you mean by the phrase, "in this instance," in this context?

Dr. Mustard: I guess I am saying that if you want to look at it in a straightforward manner it is an area where there is a specific issue that should be addressed, involving groups. I think they have now become comfortable that that is a good way to do things. I think one of the concerns they had, because indeed it is an almost impossible task for a council this size to be able to do, is simply to go around and have sessions without there actually being specific issues on what the session is going to be about. That is the concern. We couldn't do the other, because we just don't have the time, or the staff.

Mr. Bounsall: So if there is a constituency observable or identifiable, as a group you

would anticipate the council having no problems having public hearings with that group?

Dr. Mustard: That's right. Specific issues.

Mr. Wildman: Mr. Chairman, I just want to ask one specific question. I wonder, Dr. Mustard, if you know of a study that is being conducted by Dr. Robert Morgan of the University of Toronto, into the effects of a worker returning home after being exposed to some dangerous substance in the work place, and the effects on his family? If so, do you know by whom that is being funded, and what role, if any, do you or your council have in that study?

Dr. Mustard: That's not one of our areas of knowledge, or responsibility.

Mr. Wildman: Is that being done by the federal government?

Dr. May: No. There is a study under way of the effects on reproduction in the wives of workers in steel companies. That is being funded by the lottery fund. We had a progress report four or five months ago. The final report isn't due for another two to three months.

Mr. Wildman: I see, and that is the one I was referring to?

Dr. May: So far as I know, yes. That is the only one I know of.

Mr. Wildman: I understand a study was initiated about a year ago at Algoma Steel by Dr. Morgan, and he was hoping when he had that completed to extend that to Stelco and to Sysco. I was wondering, if he was going to Sysco, is this being funded by the Ontario government? I have no objection to it but I just wish to know.

Dr. May: Not to my knowledge.

Mr. Wildman: The report I have said this was being funded by the Ministry of Labour.

Dr. May: Through the lottery fund.

Hon. Mr. Elgie: No, but you are talking about the municipal—

Mr. Wildman: No, Sysco in Nova Scotia. I don't have any objection to Dr. Morgan carrying out a study there, but I am just wondering if he was—

Hon. Mr. Elgie: If that is part of the grant? No, that was not part of our grant.

Mr. Wildman: I see. I understand there were previous studies done along the same lines of the effects on workers taking home asbestos fibres; the effects on their children, and their families, and also the effects on children of workers in the lead industry.

Were those studies also funded by the Ontario ministry?

Hon. Mr. Elgie: No, I believe the asbestos study was a Scarborough medical officer of health study. Dr. Fitzgerald did that study. That really, as I think Dr. Mustard is suggesting, is in the area of public health. We have in specific cases, as Dr. May mentioned, given some lottery funds to studies but the dividing line between what is a public health matter and occupational matter is a difficult one.

[9:45]

Mr. Wildman: That is basically why I raised that, because I am wondering, whatever the results of this study, who is responsible for acting on it. For instance, I understand the results of the study into asbestos fibres being taken home by workers on their clothes or on their hair or on their skin, and apparently this had some relationship to problems encountered by members of their families. It was shown, also, that children of workers involved in the lead industry seem to have more lead in their systems than children of workers involved in other industries.

If in those studies and in the study into the workers in the steel industry in the coke ovens and in the foundries, you were to find that these workers, their children or wives were being adversely affected, who is responsible for acting upon the findings of these studies? It is not only the workers who are involved. In a way, you are talking about the indirect effect of the work place on people who are not working in that work place.

Hon. Mr. Elgie: The lead studies are, I believe, the Toronto medical officer of health studies, and, of course, that is the area where the responsibility would lie. I think you have raised a very good point. In the Red Lake studies that are going on there has been a division of responsibility, with Health having a certain responsibility and Labour having certain responsibility for the occupational aspect. That is a line that in the future does have to be very carefully drawn.

I am concerned about your mention of Keith Fitzgerald's study, because I know Keith very well and when I spoke to him about the study three or four months ago he was quite clear in saying that he found no effects on the families. He did indicate that perhaps there was a need to do a follow-up now, several years having elapsed.

Or are you referring to a study I don't know about?

Mr. Wildman: I am sorry, Mr. Minister, I don't know. All I have is a report of an interview done with Dr. Morgan, who was explaining what he was doing, and he referred to the other two studies in the interview.

Hon. Mr. Elgie: I have spoken with Dr. Fitzgerald about that and that is my information, but you have raised a very good point.

Mr. Wildman: In terms of the study carried out by Dr. Morgan in the steel industry, in how many months do you expect to get a report?

Hon. Mr. Elgie: I would think two to three months.

Mr. Wildman: I see. Has he extended his study to Stelco as well as Algoma Steel?

Hon. Mr. Elgie: Not to my knowledge.

Mr. Wildman: Okay, thank you.

Mr. Chairman: Mr. Haggerty has a supplementary.

Mr. Haggerty: I believe it was mentioned last year in one of your reports that an Ontario lottery was sponsoring a number of studies in certain areas of occupational health. Could you tell me what areas the studies were to cover in occupational health, how many of them had been completed, and when can we expect some of these reports?

Dr. May: There are some 50 studies funded so far. I don't have the list with me but I can certainly make that available.

Mr. Haggerty: I thought we were covering that pretty well right now, with the comments we had passed.

Hon. Mr. Elgie: Dr. May didn't bring that material with him.

Mr. Haggerty: All right, fine.

Mr. G. I. Miller: Mr. Chairman, I have a couple of questions on matters I am concerned about. First of all, since the health and safety council has been established in Hamilton, has there been any study made as far as health is concerned in the Domtar gypsum plant in Caledonia or Hagersville? Does Dr. May have any information on that?

Dr. May: There has been an investigation carried out at Domtar some time within the last three months, if I remember correctly.

Mr. G. I. Miller: Do you know if there is a report on that?

Dr. May: I don't recall. I can get that when we come to occupational health.

Mr. G. I. Miller: Aren't we in that area now? What are we discussing?

Hon. Mr. Elgie: The main office, advisory council on occupational health and safety.

Mr. G. I. Miller: I ask the question because we did have one chap who had been working at Domtar in Caledonia and he has contracted cancer. I advised him to get in touch with the health and safety council to see if there was any indication it was derived from his working there for 25 to 30 years. Is there any indication that working either below ground or in the mill itself would contribute to this?

Hon. Mr. Elgie: Is there any carcinogenic potential identified to date, Roger?

Dr. May: Not as I recall.

Mr. Haggerty: What about silicate? Silicosis?

Hon. Mr. Elgie: Silicate? Any carcinogenic implications that we know of?

Dr. May: No.

Dr. Mustard: We have not received, as far as I am aware, any requests from anyone in our role as an advisory council about problems of this kind.

Mr. G. I. Miller: It has not been brought to your attention?

Dr. Mustard: No, and I suspect it normally would not be brought to our attention. If it were we would do our best to advise the person where to go to get the best advice about the problem. That is not a role we have seen the advisory council in. We would have a great deal of difficulty with our staffing to be able to be anything more than a guide to try to direct the person to the right source to get suitable advice.

Mr. G. I. Miller: Where would you direct someone in order to come up with an answer and with financial support for the family if it puts them in a difficult position?

Dr. Mustard: My advice would be to consult with my colleagues to see where it would be. One place to look for advice would be within the ministry's own section on occupational health. There are considerations in terms of the Workmen's Compensation Board, et cetera, which can be looked upon for advice and guidance and there is machinery set up to handle these problems when they occur.

Mr. G. I. Miller: Is this not part of the role of the health and safety council?

Dr. Mustard: No, it's not. Our staffing is such that we would find it extremely difficult to be able to do it. Our role is to advise the ministry.

Hon. Mr. Elgie: Not to advise the public. The public has access to the occupational

health and safety division for answers to those questions, or to the Workmen's Compensation Board by way of presenting something as a possible claim. The function of the advisory council is set out in Bill 70, section 10, subsection 7, which was approved by the Legislature about a year ago. "The function of the advisory council is . . . and it has the power to make recommendations to the minister relating to programs . . ." indeed, to advise the minister on matters relating to occupational health and safety.

Mr. G. I. Miller: What is the record? Do you have any tabulation on the records of people who have worked a long period of time at Domtar or Calectronic or Canadian Gypsum, Hagersville?

Dr. Mustard: That question should really be answered from within the ministry, which has the information in the records.

Hon. Mr. Elgie: Where would that information be?

Dr. May: I would need to get the record out. If we have done an investigation in Domtar or the two places you referred to, then it will be recorded there as to what the exposures were.

Mr. Bounsall: Have you ever been asked to do one?

Dr. May: I believe one was done within the last three months but I can't recall the details.

Hon. Mr. Elgie: I think it was Domtar. In the last three months there was a request to review something at Domtar.

Mr. G. I. Miller: That may be the particular case I am referring to.

Hon. Mr. Elgie: If you give us the name and information then Dr. May will bring it back to you.

Mr. G. I. Miller: I will do that.

Mr. Chairman: Are there any more questions of Dr. Mustard? Shall item one of vote 2401 carry?

Mr. Bounsall: I just have one small area, Mr. Chairman, dealing with the women's advisory. I might just preface my remarks by saying when we come to the estimates of the Ministry of Labour we see more women in the audience than we see in most of the other ministries. It indicates the women's advisory in the Ministry of Labour is perhaps doing a somewhat better job of placing women in rather more responsible positions than the other ministries.

It is perhaps not surprising that both the women's crown employee's office and the women's bureau are within the same minis-

try. However the question I would like to ask is how many women over the course of a year within the Ministry of Labour have made meaningful, upward advances in their categories as a result of your work?

Ms. Kendall: Within the individual categories or promotions into other areas?

Mr. Bounsall: Both.

Ms. Kendall: Which year do you have in mind? The most up-to-date figures we have?

Mr. Bounsall: The last 12 months.

Ms. Kendall: We have had a number of quite significant breakthroughs in the last 12 months. One of the most important ones is the industrial health and safety branch, where we have a new training program. Out of eight positions filled, six of them were women. This is a really good breakthrough in our ministry.

Mr. Bounsall: What level in occupational health and safety are we talking about?

Ms. Kendall: These are training positions at the industrial safety officer 1 level, which is a new program in our ministry. This is the first time we have had six out of eight positions go to women.

Mr. Haggerty: That is a good average.

Mr. Bounsall: What other areas?

Ms. Kendall: Quite a number of the executive assistants in our ministry are women; program analysts; administrative assistants; the women are doing particularly well in the middle level of administrative positions.

We also recently had a breakthrough into the program executive level, arbitration officer, won by Jean Read who is a senior mediator. This is our first outside of the women's program within the Ministry of Labour. We are very pleased about that.

Mr. Bounsall: Most of this has occurred within the last 12 months?

Ms. Kendall: It has been a progression. Quite a lot of it has come to a head in the last 12 months, yes, based on the work done in previous years.

Mr. Bounsall: With all that progress you have enumerated to us, I assume there is still some room for further breakthroughs?

Ms. Kendall: Yes.

Mr. Bounsall: In what areas are you hoping to break through?

Ms. Kendall: Two areas I would like to break through in are construction safety and mining health and safety, now that we have the Occupational Health and Safety Act which permits women to go down the mines. If we can encourage women to go down the

mines then maybe we can encourage them to become mining engineers.

Mr. Bounsall: I have heard it said to me in that regard that the miners had fought some 40 or 50 years ago to try to keep them out of the mines because of the situation that existed—perhaps not in this country—where women and children were used in those kinds of occupations. I find it a little difficult to understand why women might want to go back in the mines. These would be in the inspector category.

Ms. Kendall: Yes.

Mr. Bounsall: Does that not require backgrounds in either construction or mines?

Ms. Kendall: In mining, the background should be either in mills or mines. I have visited some of the mills and there are women already working there and apparently doing an extremely good job, according to the foreman up there. But so far they have not been down in the mines.

There is a female mine rescue trainer who graduated from the mine rescue training school. Right up until the time she graduated she was not able to work in the mines. But as of October 1, if she wanted to, she could. I suspect it will perhaps be a long time before we get any female representation in the mining health and safety branch.

Mr. Haggerty: I gather you are in favour of putting women back in the mines, are you?

Mr. Bounsall: In the inspection category, why not?

[10:00]

Mr. Wildman: Mr. Chairman, a point of clarification: There was a situation, as the minister well knows, where in many cases women in one-industry towns in the north, where a mining company was a main employer, wished to gain apprenticeship or roles in certain trades where most of the work would be on the surface. But some of the work was underground, and they were effectively closed off from those apprenticeships because of the regulations which do not allow women to go underground.

With the change in the new act they now can become apprentice electricians or whatever, even though some of the work during their apprenticeship may require them to go underground. That was the reason for the suggested change.

Mr. Bounsall: You certainly reported tonight rather significant progress. Are you happy with the progress made in the last 12 months?

Ms. Kendall: I think we have made very significant progress in the last 12 months. I think we have had a great deal of co-operation from all the directors. I'm really quite pleased with the progress we've made.

Mr. Bounsall: Are the positions into which women have moved within the ministry significantly well-paid positions?

Ms. Kendall: Pay is relative.

Mr. Bounsall: Please explain that. They are getting paid the appropriate wage for the category to which they have moved?

Ms. Kendall: That is correct.

Mr. Bounsall: There is no pay discrimination within the categories?

Ms. Kendall: Absolutely not. Whenever we had two individuals with the same experience, credentials and training hired into an occupation there was absolutely no difference in the pay they have received. For instance, in this industrial safety officer trainee position they all get the same amount of money. They are all starting at the bottom of the range. There is no difference at all.

Any difference there might be in pay within a classification might relate to the difference in service. For instance, if a man has been in the classification for five years, he is at the top of the range. If a woman has just started, she is at the bottom, but then so would a man. That would be the only difference. If women are newer in the occupation then they would be paid less only because of their service, not because of their sex.

Mr. Bounsall: Because of their seniority.

Ms. Kendall: That is correct.

Mr. Bounsall: Might we expect you to be able to report to us a year from now that there have been significant breakthroughs in the mine and construction inspection?

Mr. G. I. Miller: Women working down in the mines?

Ms. Kendall: Of course, I have no control over who goes down the mines.

Mr. Bounsall: I'm talking about the inspection course. The mine owners don't dictate the inspection course.

Ms. Kendall: But if a mining background is required to get into an inspector's position and there are no women down the mines, I would not like to make a commitment that we can get women mine inspectors. I think it is basically a question of education, in that sense. We are not going to expect very

many changes in mining right now. You almost have to go back to the school system to encourage the women to go into occupations that are going to lead them to work in the ministry.

For example, in the labour relations area we are getting a lot of extremely capable women going into the Student Training in Industrial Relations program, and then going out and working in labour relations in industry, from which I would hope we would get some new data. This is a long way down the road. It is a long-range process. You don't make breakthroughs in an area like this overnight. So sometimes it suddenly seems as if there has been a lot of progress.

Mr. Mackenzie: I hope you don't lean on education a little too much, because it seems to me it has been an excuse for inaction, the need to do an educational job. I find in most trades or occupations there are people who have some experience. While there may be some public education needed, I just don't like to see it as a defence.

Mr. Bounsall: I have no further questions. Thank you.

Vote 2401 agreed to.

Ms. Bryden: Mr. Chairman, before you move on can we deal with a procedural matter as it relates to tomorrow morning? I understand that Mr. Philip, who was not here when we agreed a week ago to meet from nine to 10 tomorrow morning on the Ontario Highway Transport Board report, is not available tomorrow morning at all.

He's consulted with the other party members who assisted in the writing of the report, Mr. Cunningham and Mr. Lane. I understand they're both willing to meet from seven to eight on Thursday of this week before the Ministry of Labour estimates in order to deal with the report on the hearings on the highway transport board.

I think it is very important that we clean up that piece of business on our plate. I think a lot of people who appeared at the hearings expect to see a report. It would be important to see that report tabled in the House before adjournment. I would so move, that instead of meeting between nine and 10 tomorrow morning we meet between seven and eight on Thursday.

Motion agreed to.

Mr. Lane: The subcommittee report is ready. We have gone over it and revised it a little bit, but it is ready.

Mr. Mackenzie: I hope it won't take very long. I have to agree with it. I think we need

the time. I was hoping to do it in less than an hour, but I agree with it.

Mr. Chairman: We're half an hour behind, so tomorrow morning we'll start the meeting at 9:30 instead of 10 if that's agreeable.

Mr. Mackenzie: I think we generally agree with that, yes.

Mr. Chairman: There's another thing, since I'm on it, Mr. Van Horne suggested that we sit Monday night instead of just Tuesday: Monday, Tuesday and Wednesday to try to clean up these estimates. That would give us Thursday in the House; the last day pretty well. If that is satisfactory, report it to your House leader. We'll see if we can get permission for that. I have no objection. It's whatever you think yourselves.

Mr. Mackenzie: Can we come back to that again in tomorrow's session? We haven't cleared it yet with the House leader.

On vote 2403, women's program:

Ms. Bryden: I had asked earlier if I could speak on this vote, Mr. Chairman. I can't be here tomorrow morning, so I wonder if the Liberal member would permit me to have this chance?

Mr. Haggerty: Maybe I can't be here tomorrow morning either.

Ms. Bryden: I had asked early on, even before you came tonight, if I could speak on this vote.

Mr. Haggerty: How long are you going to be?

Ms. Bryden: Twenty minutes maybe.

Mr. Haggerty: Make it 20 minutes and you've got a deal.

Ms. Bryden: Are we going to deal with the women crown employees office and the women's bureau together? If that's agreeable I'd rather deal with them as one vote.

Mr. Chairman: There are just two items there. It doesn't matter too much to me.

Mr. Haggerty: I think we have in the past.

Ms. Bryden: I'm somewhat disappointed to see that the estimates for these two activities are almost flat. Last year I was told there were 24 employees in the complement of the women's bureau and the women crown employees office. This year, according to the background information, there are only 17 employees. We seem to be going backwards in the number of people.

Hon. Mr. Elgie: I don't think that's accurate.

Mr. Chairman: Would the two ladies at the end identify yourselves and give your names for the Hansard recorder?

Ms. Clarke: Marnie Clarke, director of the women's bureau.

Ms. Burak: Rita Burak, director of the women crown employees office. We have 24.

Ms. Bryden: Then the background notes, which state specifically, "Our present complement is 17," are wrong?

Ms. Burak: That's just the bureau.

Ms. Bryden: The other seven are in the women crown employees office?

Ms. Burak: Correct.

Ms. Bryden: I noticed in your remarks, Mr. Minister, you mentioned that equal opportunity was one of your strong interests and you felt that was a very important part of your mandate. I think the women's bureau and the women crown employees office are very important instruments of that policy and should be strengthened considerably as instruments, because there are still very many barriers in the way of equal opportunity for women in this province and in the public service.

If you look at the reports which come out every year on the status of women crown employees, there has been very little progress made between 1977 and 1978, certainly according to the last report that I have for 1977-78. I hope the new report will show more progress in the women crown employees' status. Is the new report ready yet?

Ms. Burak: We hope to have the report ready for tabling in this session, probably next week. There have been some improvements. It's moving, I think, in the right direction over the past few years. For example, the index of segregation, which is table six, improved slightly in March 1979. There have been further increases in the administrative module and in the professional module. There have been some other increases.

Ms. Bryden: The figure of women's average salary as a percentage of men's average salary between 1977 and 1978 went down from 72 to 70 per cent for the total public service.

Ms. Burak: I have good news there.

Ms. Bryden: It has gone up?

Ms. Burak: It has gone up, yes. It rose slightly in March 1979, and in September 1979 it was up to 72.4 per cent, which is higher than it has been at any point since 1975.

Ms. Bryden: It was 72.3 in 1977, so you have really just regained the ground you lost.

Ms. Burak: Right.

Mr. Bounsall: Was that because men's salaries were depressed, or does it really represent a gain?

Ms. Burak: There were a number of factors in the increase. Certainly one factor is the slightly larger increase given to the office services and clerical services category in January 1979; a very large number of women received a higher percentage increase than a lot of men. In addition, the other factor would be that the improvements in the occupational distribution impact on your salary status. That is what we have always hoped to do: diversify occupations so that the salary picture would improve.

Ms. Bryden: We still have quite a long way to go. Getting on to the question of equal pay for work of equal value, I notice the minister stated that Ontario has led all other provinces in the field of equal pay legislation, but really what he means is that we are the first province to enact such legislation. We are very good at putting words in the statute books, but generally they are words that do not seem to have very much effect in producing equal pay. I don't have the latest figures on the number of complaints under the equal pay law, and the amount of the awards, but perhaps Marnie Clarke has those.

Ms. Clarke: I have the figures for April to September of 1979. There were 21 investigations undertaken. Six employers were assessed, 29 employees benefited, and \$37,000 was collected in back pay.

Ms. Bryden: You don't have the figures for 1978—for the 12 months?

Ms. Clarke: Yes, I can give you 1978 to 1979. I was telling you the good news first. In 1978 to 1979, 43 investigations were undertaken, eight employers were assessed, and 29 employees benefited, collecting \$8,300 in back pay.

Ms. Bryden: I think that indicates the weakness of the legislation—if only six employers in the last six months and only eight employers in the whole fiscal year were assessed, and the amounts were very small. I think it is a defect in the legislation.

As you mentioned in your speech on Bill 3, it is confined to equal pay in the same establishment. There is a ceiling on the amount that can be collected. The employee really has to make the complaint. The onus is on her to prove the mark of equality and so on. It seems to me the legislation is not working. To boast that we have led all the other provinces really does not mean anything if the legislation does not work. I think it is something we should be looking at.

[10:15]

I think we should be moving on to the equal pay for work of equal value concept.

That is the only way you are going to remove the job ghettos and the stereotyping of women in certain occupations. They get lower pay because they are in those occupations, even though they may be putting out the same effort and have the same qualifications, the same degree of responsibility as in other jobs.

I noticed in the debate on Bill 3, which was to provide the principle of equal pay for work of equal value and was a private member's bill moved by my colleague, Mr. Bounsall, you stated that you were still looking for satisfactory answers as to how to implement it. You said, "Ultimately it may be that the equal value concept can be translated into legislation, but there are many questions that remain to be answered, and therefore you could not support the bill."

Then in your opening remarks before this committee this year you said it received the support of this party and received the support of all parties. I know it was passed on second reading, but you yourself did not support it. Have you started to change your mind? If all parties are supporting it, do you still feel it is not possible to implement this kind of legislation?

Hon. Mr. Elgie: What I was saying is that the Legislature voted on the bill and it was clearly indicated that there was support from members of all parties for the principle. I acknowledged that I had some sympathy with the principle, but went on to state some concerns I had with it. I think we have a forum coming up in January where the pros and cons can be evaluated by a standing committee, Ms. Bryden.

I think while we are on this issue, if I may, if my recollection is correct we have recently had several more independent audits of companies. Is that not true, Ms. Clarke?

Ms. Clarke: You mean in terms of equal pay?

Hon. Mr. Elgie: Yes. Equal pay for equal work.

Ms. Clarke: That is one reason I think we had some improvement in the field, that there was a great effort made to initiate complaints to see how—

Hon. Mr. Elgie: We have not been relying, at least in my recent term in office, Ms. Bryden, solely on the complaint mechanism. We have initiated some independent audits of companies.

Mr. Bounsall: That is under the current employment standards legislation?

Ms. Clarke: Yes.

Ms. Bryden: It is still not possible for employee class actions under the present law, is it?

Hon. Mr. Elgie: If I read the newspapers and the legal journals correctly, class actions run into a considerable problem in this country. We have the benefit in this committee of having a legal counsel here who can comment on the feasibility of class actions in this country. I know that about two months ago one of our well-known jurists was commenting on the difficulties that there are in this country on class actions. Mr. Armstrong, do you have any comments about class actions?

Ms. Bryden: I am just wondering whether we have time to go into this.

Hon. Mr. Elgie: You raised it. If you raised it, let us understand there are problems with it.

Mr. Armstrong: I didn't come prepared with a treatise on the difficulties of class actions. It has been a while since I have practised in the courts, but a class action can be distinguished from an aggregation of individual complaints. In order for an individual to purport to represent a class there are certain things that have to be established: the identity of interest; the circumstances giving rise to the complaint have to arise in the same circumstances; the measure of damages attributable to each one has to be related to the particular or to the approximate cause of the complaint.

There is a number of rather technical rules that have to be met. So when people speak of class actions, I think they underestimate the threshold difficulties that have to be solved in order to initiate a proper class action. It has to be distinguished from a group complaint. As I understand the present legislation, there is nothing to prevent a number of individuals coming together and joining in the same complaint. In fact, I think that has happened in the past.

Ms. Bryden: If there were 21 employees with six employees involved it did happen. I agree that we probably need to change the whole legal procedure legislation to embrace class actions in this country. They are more common in the United States.

I would like to move on to the question of affirmative action through contract compliance. A year ago in the estimates, Mr. Minister, you said you were meeting with the Ontario Status of Women Council, which had prepared a paper on the subject of contract compliance as a means of providing equality of opportunity by requiring anybody receiving a contract or receiving any

public funds to set up an affirmative action program.

You said you had an appointment to meet and discuss that report with the Ontario Status of Women Council. Can you tell us what the outcome of your meeting was and whether you are looking at contract compliance legislation?

Hon. Mr. Elgie: I haven't had a direct meeting with the Ontario Status of Women Council on that issue. Have you, Ms. Clarke?

Ms. Clarke: I believe we met with them, but it was some time ago.

Hon. Mr. Elgie: Was it on that issue?

Ms. Clarke: Yes. We met with them on contract compliance in September 1978.

Ms. Bryden: Yes, well the estimates were back in December 1978 when you said you were about to meet with them.

Ms. Clarke: Pardon me. That is the date of the brief. I don't have the date of the meeting.

Hon. Mr. Elgie: Sorry, I can't recall the meeting. In any event as a result of reviews of contract compliance on the issue of affirmative action I have held discussions with one of my counterparts in Ottawa, as I mentioned in my opening remarks. The federal-provincial manpower needs committee has now established an affirmative action sub-committee to deal particularly with the matter of special needs. I would expect that we will have pretty firm recommendations coming within the next six months on the very sort of matter you are talking about.

We need to evaluate more adequately the success of voluntary efforts, and they have been considerable, and we are still involved in some considerable voluntary effort. But I think we are at the stage now where we have agreed to take part in a study. The new manpower chairman, Mr. Pollock, will be on that committee and there will be significant input from our women's bureau.

Ms. Bryden: Has Lynne Gordon, the chairman of the Ontario Status of Women Council, sent you a copy of her latest annual report? It has some very specific recommendations on this subject in it.

Hon. Mr. Elgie: She probably has, but I do not recall having read it yet.

Ms. Bryden: I would like to mention that she has eight recommendations on this subject. The first one is "That as one of the largest employers in the province, the government must take the social responsibility of being a leader with all companies, agencies,

et cetera who are privileged to receive funds from the government."

Then she has: "That because of the extensive background of knowledge presently relating to the government's affirmative action plans with women crown employees, the Ontario government initially adopt a pilot project of contract compliance for women." Those are two very specific recommendations. I would hope you would undertake to meet with her and perhaps with her council to discuss in more detail the kind of pilot project that the council has in mind.

Hon. Mr. Elgie: I have no problem in talking. I meet with Ms. Gordon about many matters and I will be pleased to discuss that report with her.

Ms. Bryden: As a final matter, I am very concerned with minimum wage discrimination against employees in liquor-serving establishments, since it is below \$3. I think it is only \$2.50. This is mainly discrimination against women who are in the lower paying jobs in the restaurant industry. Many of these lower paying jobs are in establishments that serve liquor. They are being paid a minimum wage that is below the poverty line. Even \$3 an hour works out to only \$62,040 on a 40-hour week.

Hon. Mr. Elgie: I'll take it! Give it to me again and I will take it. I'm going to apply for a job.

Ms. Bryden: Sorry—\$6,240 a year. It seems to me the argument that they make it up in tips is highly discriminatory, because the tips are very unevenly given. The tips are really a bonus for service and are an opportunity to rise above the minimum. The minimum is what should be the floor for any kind of work in this province.

It seems to me cutting them down to \$2.50 is really cutting people below a level that should be admissible under any circumstances. How do you justify that, particularly for women in restaurants that do not pay anything more than the \$2.50?

Hon. Mr. Elgie: First of all, I don't know that we have good substantiation of your statement that there are more women involved in the serving of alcoholic beverages than men. But I hope that Mr. Swartz is getting that kind of data in his study and will know whether or not you are correct in your assumption. I am not certain you are. Do you have any evidence to substantiate that? I would be interested in having it.

Ms. Bryden: Does this not apply to all establishments that serve alcoholic beverages, even though they may be waiting on tables

a good deal of the time and not serving in the bar?

Hon. Mr. Elgie: Perhaps, Mr. Swartz, on the information presently available you can give us something on it. Do you have any data on that yet?

Mr. Swartz: No, we do not have data.

Hon. Mr. Elgie: We will be having some information on that. I am sure you know, whether you accept it or not, that the reason for the differential was based on the fact that tips were significantly greater in establishments serving alcohol. That is a principle which is present in our neighbouring states and provinces. Indeed, the differential south of the border, as you know, is even much more significant because of the same rationale.

Whether it is one that is valid in your eyes or not is a different problem, but certainly it has been accepted in several jurisdictions.

Ms. Bryden: Yes, but it is an area where there is not real equality of opportunity or employment. The significant tips tend to be in jobs offered more to men than to women.

Hon. Mr. Elgie: If I may just stop you there, we are presently involved in an affirmative action program that Ms. Clarke can elaborate on, particularly in those higher paying restaurants, to correct that, because it was a deficiency.

Ms. Clarke: Following a study by the Ontario Human Rights Commission, I was asked to participate in a meeting with the hospitality industry and the commission to discuss the concerns they had about that industry and about the apparent lack of opportunity for women. Following that, my staff and representatives of the trade associations of the hospitality industry are having a meeting this week to begin discussions to develop some kind of strategy to see if we cannot find some way for women who have the interest and concern to move up from some of the lower echelon kinds of jobs in hotels, in restaurants and in a wide spectrum of areas.

Following the meeting with the commission, the representatives expressed a great deal of interest in meeting with us and in discussing it further. We are hoping to get some additional help, at least on a temporary basis, so that we can do some work with them, looking both at training needs and at possible job opportunities for women in the industry.

Mr. Bounsall: Could I ask a supplementary here? How many restaurants and hotels would be represented by the representatives you are meeting with?

Ms. Clarke: I really don't know. That is an interesting question. We met with the Ontario Restaurant Food Services Association and with the Ontario Hotel and Motel Association and with a representative from Tourism Ontario, which is an umbrella organization which pretty well has members involved from every aspect of tourism in Ontario. I would say we are talking with almost all of them.

Mr. Bounsall: Can you assure us they are actively interested in participating in this program?

Ms. Clarke: No, I can assure you they are expressing some interest and we are going to try to convince them to be even more actively interested.

Mr. Mackenzie: Who is involved concerning hotel and restaurant workers or retail clerks or some of the unions that cover the trade?

Ms. Clarke: We are hoping to meet also with the union representatives but we have not yet, because the request of the human rights commission was based on the investigation done of hotels and restaurants and it was felt it was not appropriate to approach the unions until they had at least discussed with companies what their policies were.

[10:30]

Mr. Mackenzie: So there was no involvement of the workers' organizations in those sessions?

Ms. Clarke: No, but I would think down the road there must be.

Mr. Bounsall: The problem would reside more with the employer not giving the women the opportunity to move up into

the next category, rather than the union preventing them.

Ms. Clarke: I would agree. The onus is on them, and many are not unionized, which is a very large factor for many of the women we are most concerned about.

Mr. Mackenzie: I think there is an area there of expertise that is already available in terms of the problems they are having.

Ms. Clarke: One of the people we are planning to utilize in this is one of our representatives on our advisory council, Terry Meagher. His background is in one of those unions. We are hoping he will be able to give us a fair amount of inside information.

Mr. Chairman: It is past 10:30 now.

Ms. Bryden: I could finish in 30 seconds, Mr. Chairman.

Mr. Haggerty: Say "Thanks, Ray."

Ms. Bryden: Thank you, Mr. Haggerty. I just wanted to say I am pleased to hear that the women's bureau is working in this particular field of the waitresses and I am also completely amazed at how much they do with 24 staff. I think they are—

Ms. Clarke: Seventeen.

Ms. Bryden: I mean between the two offices with 24 staff. I think, though, we do need to beef up the women's bureau in order to see if we can get more action in producing quality of opportunity for women.

Mr. Chairman: This committee is adjourned until 9:30 tomorrow morning.

The committee adjourned at 10:32 p.m.

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No. R-40

Legislature of Ontario Debates

Official Report (Hansard)

3
Resources Development Committee

Estimates, Ministry of Labour



Third Session, 31st Parliament

Wednesday, December 12, 1979

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

WEDNESDAY, DECEMBER 12, 1979

The committee met at 9:39 a.m. in committee room 2.

ESTIMATES, MINISTRY OF LABOUR (continued)

Mr. Chairman: Mr. Haggerty I think you have the floor. We will start.

Mr. Haggerty: Thank you, Mr. Chairman. We are on—what is it, vote 2402, industrial relations program?

Mr. Chairman: Vote 2403, at least as we left off last night.

Mr. Haggerty: Vote 2403?

Mr. Chairman: Yes.

Hon. Mr. Elgie: If I remember, you stepped aside in favour of—

Mr. Haggerty: I thought that is why you wanted to get into this particular vote; but I thought we were on 2402.

Mr. Chairman: It normally should have been, but we did that to accommodate Ms. Bryden.

Mr. Haggerty: That is what I thought, but I thought we were going to—

Hon. Mr. Elgie: No, to accommodate me, sir.

Mr. Chairman: To accommodate the minister at that time, pardon me.

Mr. Haggerty: We haven't covered 2402 then?

Mr. Chairman: No, no; we just bypassed it.

Hon. Mr. Elgie: We are prepared to go ahead with it today.

Mr. Haggerty: That is what I thought; that is the area I wanted to cover. My main concern is the matter of a—

Mr. Chairman: Excuse me. We have got to stick to vote 2403, and then we will revert to vote 2402.

On vote 2403, women's program:

Mr. Haggerty: Okay; I don't know if anybody else wants to put anything forward or not. I think the member for London North (Mr. Van Horne) wanted to say something, but he is not here.

Mr. Chairman: Mr. Mackenzie, would you want to speak?

Mr. Mackenzie: I have a few things. My colleague the member for Windsor-Sandwich (Mr. Bounsall) is on his way down and he has a few things he wants to cover as well on this vote.

When we were dealing with the women's advisory group under the first vote there was a list of some of the activities under way and the number of groups which had been contacted, in terms of affirmative action, I suppose, or programs. One of the questions I had, that I did not get in at the time but I think it properly comes under the women's vote as well, is whether or not the Citizen Action Group in Hamilton had been contacted as part of the affirmative action program or activities on behalf of women.

Ms. Clarke: No, it wasn't one of the groups. I have not had any contact with them, and I don't think any of my staff have.

Mr. Mackenzie: I am wondering if staff are aware at all of the activities of the Citizen Action Group, at least in the Hamilton area? I believe such groups may exist in other areas, but certainly one is active in the Hamilton area.

Ms. Clarke: No, I don't. I have heard of the group, but I don't know much about its activities.

Mr. Mackenzie: May I suggest, then, that they have covered a number of areas, probably more specifically dealing with people whom it is difficult to employ, but certainly including women with a variety of problems. They are without a doubt, based on the fairly extensive case work we are doing in the area, and also that of most of the other advocacy groups, the most efficient, most effective group in the community.

As a matter of fact I have to say very clearly that while they don't deal with the volume you will find for example at Canada Manpower centres, their success rate, shown in terms of problems dealt with and people placed, is recognized, I think, by just about everybody in the community. I am wondering why that would not be one of the groups the ministry would be in contact with in any affirmative action program in term of women's employment?

Ms. Clarke: In our affirmative action programs we don't work directly with action groups. We might well refer an individual who called us with a problem to a group such as that. For example, Parkdale Community Legal Services is one we often refer people to. We have a rather large series of referrals in various parts of the province. Individual problems might well be referred to them, but in terms of affirmative action we are working directly with employers in dealing with their problems.

Mr. Mackenzie: If you are referring to the Parkdale legal aid clinic, and we work very closely with them in a number of cases as well, the actual assistance and placement record of the Citizen Action Group in Hamilton is way ahead of the Parkdale program.

Ms. Clarke: Do they do job placement?

Mr. Mackenzie: They work with people, sometimes for extended periods of time, on job placement. They have a better relationship, I have found, with management across the region than any other group.

Ms. Clarke: We work with agencies like the Womanpower Employment Centre in London, however that is not really under our affirmative action unit. For example, we have provided a summer student so they could do some research work in the London area with employers and help to develop job opportunities at a local level. There are a number of groups we work with on an ongoing basis.

Mr. Mackenzie: I would suggest the Hamilton Citizen Action Group be one of the groups added to the list of contacts your people have in terms of affirmative action programs.

Hon. Mr. Elgie: Actually, they are one of the outreach programs that were funded by the federal government. I notice they have come to provincial and federal governments again for re-evaluation with regard to further funding. I presume that must be to the Ministry of Community and Social Services.

Mr. Mackenzie: I know they have had difficulty from day one. They have been in existence for longer than a couple of years. [9:45]

Hon. Mr. Elgie: Since 1972.

Mr. Mackenzie: I don't know another group which has an endorsement from every single agency I know of in the community without getting the funding. Their work in terms of problem placements in my very definite opinion is absolutely first rate.

I have had cases I have placed in employment through the Citizen Action Group

that I couldn't get to first base with after a year of arguing with Canada Manpower or some of the other assistance groups in the community. I just wish we had more groups like this particular group.

The other thing that bothers me a bit concerned a group—and I know the funding, once again, was probably from an outreach program or federal government program, but they had done a fair amount of work. A few months ago it started to work with some of the domestics in the community; I'm referring to Employment Services for Immigrant Women. Other than for some consulting in the Toronto area I see they have now gone belly up; once again, for lack of funding. I am wondering if the ministry and the women's bureau has had any active involvement with this group.

Ms. Clarke: Would you give me the name again? I'm sorry, I was reading—

Mr. Mackenzie: Employment Services for Immigrant Women.

Ms. Clarke: Yes. Our outreach unit has worked with them, as it works with many groups around the province to provide them with assistance and workshops. We have sponsored workshops where we help them to look at labour legislation as it applies to women, as well as labour legislation in general. We provide a great number of our publications to groups like that. You will find our literature in most of the information centres or offices of aid agencies of that sort because they request it on a very regular basis. We provide literature and services.

One of my staff has spent a great deal of time with a native agency, Anduyhaun House here in Toronto, which is doing an absolutely incredible job with young native women who come in from the reserves. We have helped them develop a set of procedures in running their place. We outline some of the problems they might face and point out the linking agencies they can use. We also help them with their research projects. I cannot keep track of all the activities of all my staff, because they are in touch with such a wide range of groups right around the province in this way. They are just now sending me little notes here insisting they are doing things in the areas you mentioned.

On the Citizen Action Group in Hamilton, for example, my staff say they have had consultation with this group, providing materials and assisting them in a number of ways.

Mr. Mackenzie: I am just wondering about the actual progress you might make in nar-

rowing some of the gaps and placing the more hard-to-place women in employment, if your progress might not be even greater if there was some closer liaison; perhaps even by funding some of the groups that have better success ratios. It is one thing to have the odd consultation with them and provide them with materials, and certainly that is appreciated, but these are the groups which are out, pardon the expression, grubbing at the very basic, bottom level; usually working on a shoestring.

I noticed a little comment in an article on the closing of the doors of Employment Services for Immigrant Women, ESIW as they call themselves. It makes the point that in the last month of their activities they had some 1,200 registered clients. In one month Canada Manpower has an average 370,000 clients; with a staff of 14,000 that makes staff-to-client ratio about 27:1. In May 1979 the Employment Services for Immigrant Women had a client-to-staff ratio of 300:1; despite this their successful placement rate was 25 per cent as against Manpower's 19 per cent.

Ms. Clarke: We are very aware of their work. They are a remarkable group. One of our students was placed with that agency this summer and worked with them.

We simply don't have the funds to supply. We do try to supply people and services as much as we can. We have also taken some initiative in contacting many of the traditional women's organizations in Ontario. We had a meeting with about 28 representatives of those organizations in the spring. Our reason for calling the meeting was to inform them about these kinds of services. The fact is that women's organizations, because of our traditional approach are often concerned about children and areas of that nature, while we are concerned about a lot of other things as well. We were trying to say to them: "Look, these are agencies that also very badly need help and support." We are hoping that as a result of that when they are looking at their distribution of funds in this next year they may very well consider supporting some of these newer agencies of which many people are not too aware.

Mr. Bounsall: Is there any evidence to date that they have?

Ms. Clarke: I have had none reported to me, but you have to remember they plan a year to two years ahead in terms of where they are going to spend their money. I had a similar situation when I was in Belleville where an organization which ran a

hostel for battered women was folding. I was able to help by alerting a couple of the women's organizations that they needed funding and support; and they did get that support. It is a problem, however, of linking; of having the more traditional organizations become aware there a lot of services required today that perhaps they didn't think of 20 years ago.

Mr. Mackenzie: To you, Mr. Minister, and I understand exactly what Marnie Clarke is saying, but I found two little paragraphs in this report, *Lost in a Bureaucratic Maze*, rather interesting "Annamaria Menozzi, a worker with the ESIW made the following observation at a swan song party a week before the closing of the Employment Services for Immigrant Women: 'Last year we were able to run our agency on a very tight budget. For four salaries plus operating costs we spent just \$33,037. This then was the amount of money we were looking for in order to keep our doors open.'"

The return on that money was fantastic. If we are serious about affirmative action programs, then I suggest to you, with all of the reservations I know people have about duplication or multiple services and with all due respect to the affirmative actions we have taken so far in the ministry, I suggest there was more person-to-person contact and placement there than even the undoubted good we did in trying to set the tone in the community.

The same thing applies to the Citizen Action Group in Hamilton. They have fought, almost yearly, ever since 1972 as a matter of fact, against going under. Their budget is quite a bit higher than \$33,000, but the amount of work they are doing in terms of positive placement is way above any other group, certainly in terms of percentages, and that includes the Manpower offices, particularly in the difficult-to-place field. I don't know why we don't say, "Okay, we are not only going to assist them in terms of conferences and leaflets but take a serious look at whether some of these people who are down on the firing line could very well be funded." We might do that even at the risk of that terrible reservation we seem to have about occasional duplication of services.

Ms. Clarke: I do think it is important to point out, though, that when you speak of affirmative action you are speaking of a particular kind of program. When you are talking about services of this nature they are often putting out fires, trying to help out individuals with serious problems. An affir-

ative action program tries to design programs and help organizations design programs that will get at the systematic discrimination, which will ultimately help thousands of women.

Mr. Mackenzie: I guess that is where our difference is. I do not think that will happen until we change this government, Ms. Clarke, but in the meantime we have to deal with the people who have problems, just as these people are doing on the firing line.

Ms. Clarke: I think it is important though, to see that those are two different kinds of attacks. To talk about a small agency in government trying to provide this kind of direct service is ludicrous, we would not even make a dent in the problem. We do, however, have the opportunity to work across the board with a wide range of organizations. It is a difficult choice. We help a lot of people individually at the bureau too. We get endless numbers of calls on a daily basis. Our lines are lit up by people with problems. We refer them where we can, we help them where we can. We have intervened in many cases. It doesn't come out in the press; it is the sort of thing one does to be helpful.

Mr. Mackenzie: I don't knock the work you are doing. I am simply saying I suspect that if we looked at numbers—I am talking now about employment placement—we will find Citizen Action Group figures much higher than the figures we have heard quoted, even from the activities of the women's bureau here.

Ms. Clarke: But that is not our function.

Mr. Mackenzie: I understand that. I have one other comment before my colleague says his few words. A year ago—I am not going to look it up although I have got it underlined in yellow here somewhere—we dealt with the wage gap. I think you reported a slight improvement—I guess in terms of government employees, I am not sure—but you also did indicate a year ago that in private industry the gap actually was worse. My information is that it is worse again this year. I noticed a recent piece, I believe it was in the *Globe and Mail* too, but I clipped it out of the *Hamilton Spectator* of Wednesday, December 5: "Women's Wage Study a Shocker." It simply says that in fact the wage gap has not got better it has got worse. So for the second year in a row we are asking what is going on in terms of the wage gap between men and women in the private sector, which is a major sector, which has widened once again, as it did last year. It's worse this year. I am wondering what kind

of response the minister has to this fact, not fiction.

Hon. Mr. Elgie: I am not sure that study was reporting this year. Gerry, you have looked into this for me. Mr. Swartz.

Ms. Clarke: By the way the wage gap has narrowed.

Hon. Mr. Elgie: That is right.

Ms. Clarke: Our last figures, for 1977 show it had narrowed to 56.5; and it was 53.

Hon. Mr. Elgie: I think that was a report for 1977.

Ms. Clarke: That is the latest data that are available from Statistics Canada.

Hon. Mr. Elgie: Mr. Swartz.

Mr. Swartz: I am afraid that in arguing the issue of the wage gap you can argue both sides of the coin equally well. It is an unfortunate case, but that happens to be the situation.

Basically, the statistics show that the absolute difference between men and women has been increasing, but the relative difference has been decreasing. Both in the public and private sectors the percentage of women's income to men's income has been increasing. Women are earning a higher percentage relative to men now; but given that men were earning more before, that means that the absolute difference between men and women has increased.

The figures you have seen in the news paper, Mr. Mackenzie, I think refer to the absolute dollar amounts. What it would mean is if men were averaging, say, nine per cent salary increases, women could be averaging 10 or 11 per cent but given the higher base that men have to begin with the actual dollar amounts increase.

There have been quite a few publications and studies on the wage gap. If I may, let me read from one written by a fairly good Canadian expert on this issue. The person has published five or six things; I refer to Morley Gunderson of the faculty of management studies at the University of Toronto.

"Although there is considerable empirical evidence on the earnings gap between males and females, there appears to be no consensus on the relationship between this gap and the status of the sex composition of the occupations. More specifically, there is a unanimous agreement on answers to the following questions: In what way is the male-female earnings differential related to the status of the occupation as measured by the average earnings of the occupation

and how is the differential related to the occupation's sex composition as measured by the ratio of female to male employment in the occupation?"

I think, basically, what these articles and our knowledge on the subject show is that there is a gap, it is a fairly significant gap, it has been decreasing by certain measures, and has been increasing by other measures.

Marnie, if you would like to make additional comments please do so.

Ms. Clarke: I guess my feeling is that whatever the gap, and you can find different figures, we all know that it is shocking and we have known it for a long time. We also know that part of the reason is the kind of occupations women find themselves in, whether they are low-paying because women have traditionally been in them or whether they have been undervalued in any kind of job evaluation system. These are some of the things we think of when we think about the wage gap. I guess my concern is that we keep trying to make a stronger effort to change the difference.

When you take those gross figures, such as 56.5 per cent, you are not taking into account part-time work, for example. If you eliminate that it raises the gap to something like 62 per cent, and you can go on and play around with the figures that way. The fact is we in the bureau estimate, and this is from doing a great deal of examination of the question, that there is approximately a 20 per cent differential in pay between men and women that we cannot explain in any other way but discrimination.

Mr. Mackenzie: I am glad you mentioned the part-time bit, because I think I dealt with that briefly in my opening remarks. I have had conversations in the last week with some of the aldermen on the Hamilton city council. They passed on to me some of their concerns about the huge new shopping centre that is going to be built on upper James Street or upper Wellington Avenue and Limeridge Road, which apparently will be the second biggest in this country. They tell me most of the people who will be moving into the new centre in a year's time or thereabouts are making it clear that their intent is to maximize the hiring of part-time employees, mostly women, and with the number of hours involved that benefit, are not going to be paid. They are talking about 1,600 or 1,800 employees, the vast majority of whom are going to be working a 20-hour week at the minimum wage.

10:00]

It doesn't take many operations like that to throw a kink into it. I think the big thing is not the gap itself. The gap is simply that it's not really improving. A year ago, November 23 exactly, when I said "no basic improvement" after quite a discussion on this, Mrs. Burak did not really know. Your comment again was that in the private sector it appears to be widening. Whether it is or isn't, the major point, I think, is that there's no substantive improvement at all. That's what really bothers me about it.

I have a specific in that area too, just before I leave it. A year ago I also raised a point that I think the minister could have some influence on here in the province of Ontario. I recognize that all parties are probably involved in this, although I know what our position is. I raised the kind of salary gap we have in terms of legislative assistants—as they are in our caucus, I suppose they are secretaries in most of the caucuses—however, I raised the question of the wage gap between legislative assistants and constituency workers. There is a gap of pretty close to \$3,000 in the salary that's allowed.

My constituency worker, who's as good as anybody in the province, gets something like \$12,000; my legislative assistant gets pretty close to \$16,000. For the life of me, I can't understand how we accept that kind of gap. I understand it isn't the responsibility of the women's bureau but why are there not very strong admonitions from the bureau to this government to say, "Hey, what's going on? How in blazes can you have somebody who, once again is out meeting people with problems in your office, putting in a hell of a lot of hours and dealing with a variety of problems, some of which can be emotionally draining and otherwise, and they are getting \$3,000 or \$4,000 less than a person we've got working here?" The people we have here are pretty damned good workers as well.

A year has gone by, and I'm wondering if there have been representations made by the minister and the women's bureau as to that kind of a gap, which also is not improving.

Hon. Mr. Elgie: Has this not been discussed in great detail by the House leaders and the Board of Internal Economy?

Mr. Mackenzie: It's been raised by our House leader for about three years running. I don't know what's going on, but it seems to me the gap is so obvious that it's an area where there should be some affirmative action, if you like, on the part of the ministry and the women's bureau.

Mr. McClellan: I'll tell you what's happening, our House leader can't get anybody to second his motions aimed at redressing the inequity and improving the salaries paid to people working in constituency offices.

Mr. Mackenzie: I'd love to have a defence made, just to hear what it would be, of that difference of \$3,000 or \$4,000. Those involved are almost all women.

Hon. Mr. Elgie: I'm prepared to support the position that you take.

Mr. McClellan: Would you relay that to your people?

Hon. Mr. Elgie: Yes, I will.

Mr. Bounsall: You could perhaps ask permission to speak before the Board of Internal Economy on redressing the imbalance.

Hon. Mr. Elgie: That wouldn't give me any problem.

Mr. Van Horne: Mr. Chairman, we are having to deal with the same problems and using the same people. I think whatever hasn't happened on our side of it I'd like to hear more from the member for Hamilton East, although not necessarily at this time, so that I too can take it to our representative.

Mr. Mackenzie: I guarantee you a long, hard fight trying to get redress; we haven't had the support of the House leaders up until now.

Hon. Mr. Elgie: I'm sorry I missed that. What was that?

Mr. Van Horne: You indicated a willingness to discuss this with your House leader and I was doing the same for our caucus.

Hon. Mr. Elgie: That should be of some help.

Mr. Bounsall: Mrs. Burak, we're in a rather disturbing situation. In terms of the number of women who were on the seniors' list, or senior compensation plan, a year ago there were only three within government agencies and one within government. What are the numbers this year?

Mrs. Burak: There's been a slight increase in the ministries. There are now three women on the senior compensation plan, and in the agencies it has increased from three to five; so there's been a slight increase.

Mr. Bounsall: What is your goal in this regard? That really doesn't indicate very many women being considered or having a chance at these top positions? What is your goal?

Mrs. Burak: The objective of the program is to raise and diversify. We are not aiming at a specific number right now.

Mr. Bounsall: Is that part of the problem? Obviously you're not talking numbers to

anybody when you don't have that specific goal. Is that part of the problem? It seems to me that in this field, within government employ, we are not making very much progress.

Mrs. Burak: If I may make a distinction between the senior compensation plan and the program executive series, which is the group of senior managers from which the public service draws to fill senior list jobs, our efforts have been concentrated on the program executive series. I think we need to do a fair bit more to get more women into that level before we can begin to project how many we might get into the senior list.

Mr. Bounsall: How many do you have in that program this year?

Mrs. Burak: In the program executive series women currently constitute six per cent, which is 27 women. It's not a lot.

Mr. Bounsall: It's the same as last year.

Mrs. Burak: No, there's a slight increase. Last year I think there were 24 women. I should point out that in the program executive series over the last three years there has been a reduction of about 12 per cent in the total number of those positions. Things could have been a lot worse. I think to have maintained the status quo would have been a good thing, and we've actually increased the percentage.

Mr. Bounsall: Where does the resistance come from? You say you're working hard to keep the program executive series number up. Just what is your problem? Where are you meeting the resistance?

Mrs. Burak: I wouldn't describe it as a resistance.

Mr. Bounsall: Apathy?

Mrs. Burak: There are a number of reasons why we don't currently have more women in the program executive series. We perhaps need to do more training of women in the approach positions to provide them with more ideal experience patterns to take on senior management jobs. I wouldn't describe it as resistance.

I can give you an example of some of the problems. In the 1978-79 fiscal year we held 31 competitions in the program executive series and women applied for only about 1 or 14 of those competitions.

Mr. Bounsall: Did you say 31?

Mrs. Burak: There were 31 competition. Women applied for about 13 or 14; actually I don't have the numbers with me today. I can't say out of those 13 or 14 competitors there was only one woman applying. I

every case but about two the women were interviewed, and I think they were successful in three competitions. There are a lot of problems.

I would hope that the efforts ministries have been placing on middle-management women over the past few years will bear fruit in the next few years. We are anticipating a fairly high level of turnover in those jobs over the next four years. I know that the Civil Service Commission and all of the deputy ministers are very aware that we will be having a better opportunity in the next few years, as more of our male senior managers retire, to fill those jobs with women.

Mr. Bounsall: Am I drawing an inference here which may not be correct, that you're having some difficulty interesting women in applying?

Mrs. Burak: I would say that is part of the problem. I don't think it's the major problem, but it is part of the problem. We just don't have a lot of applicants for those jobs. Part of the reason we don't have a lot of applicants is that many of the jobs that were advertised last year were at the upper levels of the program executive series and the ratio of women to men in approach positions for that level is quite low; so we shall be putting a lot of emphasis on the middle rung as well.

Mr. Bounsall: I can understand the difficulty in someone leaping from lower middle management to upper management, or even contemplating an application. I'm concerned, though, that there may not be enough interest in applying. What is your office doing about that?

Mrs. Burak: In addition to personal speaking engagements by myself we are calling together a steering committee of senior women throughout the government to try to generate a bit of interest in a network of women, if you will, to make senior women aware of the kinds of jobs that will be coming up. In this way we hope to get more people applying.

I think the best incentive would be for women to see that more women are getting these kinds of jobs. We have had good examples recently in two jobs in the senior compensation plan being won by women. I think word gets out gradually and that would encourage more women to apply.

Mr. Bounsall: How does that word get out? Do you have any organized publication that goes to women in the public service indicating your individual successes?

Mrs. Burak: The Civil Service Commission's weekly publication, *Topical*, always

has a display of executive appointments on the front page, so it's quite public.

Mr. Bounsall: That's the only way?

Mrs. Burak: We also have a column in that paper in which we mention those kinds of breakthroughs.

Mr. Bounsall: In your opinion is that enough? Is that publication on the successes you do have resulting in encouragement?

Mrs. Burak: Yes; and of course I've just spoken to what our office is doing in other areas. In each ministry women's advisers are working with all levels of women to encourage them to come forward for competitions. I know that a number of them have put emphasis on senior women in the last couple of fiscal years.

Mr. Bounsall: Have you had any more success during the past year in the number of full-time women advisers?

Mrs. Burak: Yes, I have. There has been an increase in full-time women's advisers. The Ministries of Revenue, Consumer and Commercial Relations, and Industry and Tourism went from using part-time advisers to full-time advisers. The Ministry of Community and Social Services added an additional program assistant. So there has been an increase in resources allocated to the program.

Mr. Bounsall: Do you see any improvement within those ministries as they have the backup staff and as they move to full-time?

Mrs. Burak: Yes, I think there is a correlation between results and the amount of resources ministries can allocate to the program. It gives the adviser more time to work with senior management and ensures there is somebody keeping an eye on things and pushing people to get things done.

Mr. Bounsall: So we have only slightly over half of the ministries now with full-time women advisers? That'll make it 14, right?

Mrs. Burak: It's actually 16. Let me describe it to you this way: every medium-sized ministry has a full-time women's adviser, except the Ministry of Government Services. In that case they have a full-time program assistant. The only ministries which have part-time women's advisers are the very small secretariats, and the Ministry of Energy which has a total of 90 people. I'm comfortable that every ministry that—

Mr. Bounsall: Who does the affirmative action in the Ministry of Energy?

Mrs. Burak: A part-time women's adviser.

Mr. Bounsall: A part-timer?

Mrs. Burak: She's in two days a week; and for a staff of 90, with 30 women, I think that's adequate.

Mr. Bounsall: Unfortunately I have to leave very shortly. I'd like to pursue that whole topic more.

Just briefly, to Ms. Clarke—I've got so much I'd like to say I don't quite know where to start: where are you within your bureau and the ministry on bringing forward the matter of contract compliance? A year ago you weren't sure how many women would be covered if you brought in contract compliance legislation and therefore did not like to comment on whether or not that, per se, would be a worthwhile program, not knowing how wide the net would be thrown and how many potential employees might benefit from that.

I assume you've completed those studies?

Ms. Clarke: Yes, we have. There's been a fairly thorough study of the American system under the office of federal contract compliance. We have also, in co-operation with our research people, looked at the situation of contracts and grants in Ontario. I do have figures here if you'd like to hear about that.

Mr. Bounsall: I was struck last year by one of the things in which you were interested, that is how many women employees might be covered by contract compliance legislation if it came, that hadn't been determined yet. Do you have some figures in that regard?

[10:15]

Ms. Clarke: Yes, we do. If you look at contracts, which is the smaller amount of money, the government had approximately 8,500 contracts for supplies and services with 5,910 contractors. That was a total dollar value of \$726 million. We were only able to obtain information from the survey of wages and working conditions of Labour Canada on 1,395 of those, but it gives us an idea. We found that women are a smaller proportion of total employees in contracting firms than in the total of Ontario employees. That is 26.6 per cent of contractors' employees were female, which contrasted at that time with 38.6 per cent of the labour force. So it would affect over one quarter, if you like, in terms of the contractors themselves.

If you go to grants, of course, you're talking about universities and schools and hospitals, and there you're talking in the billions of dollars, \$6.7 billion. If you were

to have contract compliance with those grant agencies, I don't have the exact number of people that would be affected, but it would be a sizeable number. If you think about education and hospitals and the make-up of staff there, that would have quite a sizeable effect. Those are the two areas we've looked at and that's the information we have at this time.

Mr. Bounsall: You obviously don't have the staff, with only 17, to really do an effective affirmative action program with each and all of those employers. Do you feel that contract compliance would be helpful in the opportunities for women in obtaining jobs—let alone whether they're paid what they should be paid, setting that aside? With those numbers and those percentages you've given for the private contractors, do you feel that contract compliance would be useful in job opportunities?

Ms. Clarke: It depends what day you ask me. Actually, we have been doing a little more careful monitoring of the voluntary affirmative action program. As you know we have no legal mandate to monitor, but we will be sending out a questionnaire in January to all employers we have worked with, which will give us a little better information.

We have had some real success with some of the companies. I could tell you a bit about that if you wanted to hear it. The voluntary approach to some extent has been effective, to the point where not only are we approaching employers but one major employer has actually sponsored and planned a one-day workshop and invited other employers, some of whom had taken no interest at all in affirmative action programming, to participate. We are feeling now that there's beginning to be a ripple effect; not only with the groups we have been able to contact or who have contacted us but now a company actually feels confident enough about its program to be prepared to share its expertise with other companies.

Along with that, another hopeful sign is that we now have two networks, if you like, two groups of employers who meet on a regular basis with a bureau consultant. One group is private corporations, the other is boards of education. They meet to discuss the problems they are facing in their programs and they share information on how they are dealing with those problems.

So there are some hopeful signs. In the survey we did on affirmative action in Ontario there was an indication that approximately the same number of companies we

have been in contact with are in some way actually involved in some form of affirmative action.

I would say it's—

Mr. Bounsall: What was the fraction?

Ms. Clarke: Let me get you the exact figures, shall I? The survey was broken down, finally, to 1,804 employers, because we wanted firms with 100 and more employees. We felt it was rather useless to look at forestry, mining and construction at this time, unfortunately. We found that of all the firms we surveyed we could say approximately 372 are involved in what we would call formal affirmative action programs; that is they have appointed someone who is designated as responsible for the program and they have developed career development programs for women within their organizations. It's anyone's guess whether that's good or bad.

We feel it is good; that there is that much happening. When we started the program five years ago people said to us, "What's affirmative action?" Now we're at the point where there's a very broad awareness. This also came out of the survey. Something like 80 per cent of the firms contacted said they knew about affirmative action. Now I agree it's discouraging that although they know, many of them aren't doing anything.

Mr. Bounsall: That's the problem with an affirmative action program. They may have heard about it, but if there is no effort to require them to either enter into the program or to do specific hiring they can sit that way forever with that knowledge and do nothing about it.

Ms. Clarke: They are going to face problems with that, though, because some of the employers are becoming pretty forthright in saying what they are trying to do and what they have been able to accomplish. It would seem to me they are going to lose out in terms of dollars in the long run, because what happens when there's a good women's program is there's a good human resource development program. They go together and they tend to attract people. The companies that are now getting some publicity on this—such as Warner-Lambert, which is kind of our star company at the moment—are attracting the best people, the MBA graduates and so on, because these people know that with these firms they are going to have some opportunity for advancement and some real results for their efforts.

So employers who are slow in getting on that handwagon may well find themselves, down the road, not looking very good as

corporate citizens and perhaps suffering in a financial way. It's just good business to become involved.

Mr. Bounsall: I understand that. I could give you an example of my own, but I won't take up the time, where it was obviously good business to do so. I don't understand why more employers don't take advantage of it. If they all did so at once then of course it would even out, but at this particular time where there aren't many involved it certainly is good business sense to be involved.

Of the other 1,800 companies you have contacted, of which only close to 400 have the program in effect, what kind of follow-up do you have time to do on the 1,400 or so with your small staff?

Ms. Clarke: In terms of the survey we do not know who the companies are, we don't have specific names. That isn't possible with the kind of survey that was done. So even if we did have the staff we could not do that kind of follow-up.

We are busy replying, however. For the first time we are getting a lot of corporations and organizations contacting us for assistance. At the moment we're dealing with all that we can handle, so even if we had the names that would be a problem.

That kind of survey, which you always have to take with a grain of salt, gives you a general, broad picture, an idea of what is happening. The indicators are that the awareness level is now high; that some employers are actually running programs and are beginning to have some success with the programs that started, say three years ago.

Mr. Bounsall: Leaving the whole provincial government area aside, how do you choose which companies you are going to contact about your affirmative action program?

Ms. Clarke: We started originally by contacting those groups that we thought, first of all had the highest number of women employees but also that we might be most helpful to in terms of seeing some success, of having some good breakthroughs. As you know, there are some industries in which, because of women's training and education, it is harder to make some real improvements. Those are the ones we are beginning to look at now. We also try to do a cross-section in the hope that within their group there will be a ripple effect from perhaps what one or two are doing in each area. We also try to do it on a regional basis so that we cover the province. That's basically the way we make our selections.

We are also now being selected, of course; and we can't really say to a firm that calls

us and says, "We'd like to talk to you about this," that no, we won't come. So we do get involved with them too.

But to go back to the point I was making, we are trying to have firms use their expertise to help other organizations; that is one way in which we can make it more beneficial to everyone.

Mr. Bounsall: Mr. Chairman, I would like to pursue this much further, but I have another committee meeting at which I must appear.

Mr. Chairman: Mr. Van Horne, you had a question.

Mr. Van Horne: Thank you, Mr. Chairman. I would like to ask if the statistics or percentage of participation that the minister refers to in his opening remarks is a figure that is something that his department has come up with. You pointed out the growth from 49 per cent to 54 per cent over a four-year period of time. Is that a StatsCan figure or is that a—

Hon. Mr. Elgie: A StatsCan figure.

Mr. Van Horne: It is. Do you, or do the people on your advisory committee, make any attempt to keep track of statistics in Ontario as they apply to women in the work place?

Hon. Mr. Elgie: Do we have specific statistics, Mr. Swartz?

Mr. Swartz: I don't have the specific statistics with me, but those kinds of figures come from the monthly labour force survey conducted by Statistics Canada. It's a public document, and it does have breakouts for Ontario as well. They are surveying some 60,000 people across the country each month and checking for participation rates. The participation rates among women in the labour force have been growing substantially and we're projecting continued growth of female participation in the labour force.

Mr. Van Horne: At the same time you get that information, do you know how many women are joining trade unions? There has been some indication in the press in the last couple of months that the number is growing. Do you have any numbers on that?

Ms. Clarke: In 1977, 26.1 per cent of all union members in Ontario were women; that compares to 1967 when only 17 per cent of union members were women. If you turn that around I'll give you another statistic, 17.4 per cent of women in Ontario are now members of a union; that's a growing number too.

Mr. Van Horne: Having found that out, I must ask another question. You obviously liaise periodically with people in the Ontario Federation of Labour. In this recent submission, which is fairly thorough, and certainly thought provoking and makes some darn good points; there isn't a reference, as I see it, to anything that relates to women in the work place. I'm not sure that's a point that we should dwell on without having the OFL representatives here to defend themselves or to answer questions, but—

Mr. Haggerty: They had a woman in charge of the Ontario Federation of Labour at the time, isn't that right?

Hon. Mr. Elgie: I can verify that. In meetings I hold with them there's no doubt they do support the principle of increasing the number of women in the work force; and the degree of responsibility of the work they do in the work force is also an item that is raised as well.

Mr. Van Horne: Have they on other occasions presented papers to you specifically on that theme, women in the work place?

Hon. Mr. Elgie: No papers that I can recall; can you, Ms. Clarke? However, there is no dearth of verbal discussion about it.

Ms. Clarke: I would agree with that.

Mr. Van Horne: In your presentation to us, I think it's around page 20, you've made reference to "A federal-provincial manpower needs committee established under the Adult Occupational Training Act has been reconstructed. An affirmative action subcommittee has been created and empowered to develop employment strategies for women, native people and handicapped, with women's special needs as the first priority."

Aside from what has been discussed here this morning, can you elaborate at all on that? You do stretch it out for a paragraph or two in your presentation. Is there anything more you can tell us about the activity of that subcommittee?

[10:30]

Hon. Mr. Elgie: Without suggesting any unwillingness to do that, I submit that the chairman of the Ontario Manpower Commission will be here for a latter part of the estimates. He's very actively involved in that and has been very instrumental in initiating the process. If you wouldn't mind, you could raise it with him and he can go into it in great detail.

Mr. Van Horne: Thank you. That's all I have to ask.

Mr. McCellan: Just as an aside to Mr. Van Horne, the major issue in the OFL brief has to do with first contract and union security, which has to do with the necessary reforms in legislation and practices that permit women to join unions without being harassed and defeated by management during organizing drives.

Hon. Mr. Elgie: Don't put it that way; that's deliberately searching out—

Mr. McClellan: I have been wandering around various ministries asking questions about day care. I want to do it again today with the women's bureau in front of us. I looked through your material in vain for references to activity within the women's bureau around the issue of day care. In the past we relied on the women's bureau to provide us with accurate assessments of the need for day care in the province, but that's increasingly in the distant past. Are you doing any work at all around attempting to project the need for day care facilities for women in the work force with pre-school children?

Ms. Clarke: We do know there are increasing needs for day care. We have some figures. The latest figures are getting pretty old right now.

Mr. McClellan: I have your 1973 figures, but I don't know if you've had anything since then.

Ms. Clarke: We do. In 1977 the participation rate in the work force for divorced or separated women with children under six, for example, was 49.2 per cent; so about half of those women are in the work force, which means they have some sort of care for their children.

Mr. McClellan: How many women does that represent and how many children?

Ms. Clarke: I don't know how many children. I would have to get a calculator for that.

Mr. McClellan: That's precisely my dilemma. I don't know who in this government is attempting to sit down with the raw data that's available to do these very elementary projections of need, even to the extent of counting the number of children under seven whose mothers are in the work force.

Ms. Clarke: One of the problems with that is that we often don't know what is happening with the children of people in the work force. Many of them make their own private arrangements; a grandmother looks after the children or it could be handled any number of ways. It's very difficult. You could come up with a beautiful number

which would say this is the number of people in the work force who have children under six. You still would not know whether they needed day care. They might have private arrangements, they might have some sort of group thing in their neighbourhood which is not being supervised. It's a figure that I suggest is practically impossible to get; in fact I would be fascinated if someone could come up with a figure, I don't think it's possible.

Mr. McClellan: Well, surely you've seen—

Ms. Clarke: We can estimate, that's all.

Mr. McClellan: One of the things we can do is count the number of children, and nobody seems to be doing the counting, and then we can compare the number of children under seven whose mothers are working and compare that with the number of licensed day-care spaces in the province; so that one of the things that we know in Metropolitan Toronto, for example, is that there are 100,000 children under age seven whose mothers are working and there are 13,000 licensed day-care centres in Metropolitan Toronto. That kind of thing would be enormously helpful to know on a province-wide basis. The only community for which we have any data at all is Metropolitan Toronto.

Secondly, we can be looking at the arrangements families are making and try to determine whether they feel they have a range of choice or whether they are being forced by economic necessity to make second or third or fourth best choices. That study was done by the Social Planning Council of Metropolitan Toronto; I'm sure you're familiar with the findings.

Ms. Clarke: I would suggest to you that day care, although it is an issue that we're looking at, in fact I could mention one area we're looking at in particular at the moment, does not come under the mandate of the Ministry of Labour; you recognize what that involves.

Mr. McClellan: No, but it used to.

Ms. Clarke: It may have, but it has not since I've been director of the women's bureau. I have ideas on the matter but it certainly is not our mandate.

One thing we are looking into, which I think is our mandate, because our focus is employment, is the matter of collecting a great deal of material and doing a research study on industrial day care to determine the potential for that kind of development. For example, are there some good programs we could learn from so that we could pass information on the employers we are working

with? Some of the companies we're working with are now looking at that issue and doing surveys of their own people asking what kind of service they need. We're looking at the possibility of industries helping to pay for day-care services in a community, having their own day-care services. This would be extremely helpful, particularly for care of babies.

Mr. Haggerty: Japan has always been a leader in that particular area so you don't have to go far to get the information.

Ms. Clarke: I think some of the companies are expressing interest in the question of day care.

Mr. McClellan: Who is doing the study, Ms. Clarke?

Ms. Clarke: We are, in the bureau.

Mr. McClellan: When will that be ready?

Ms. Clarke: It's not going to be a great, grand study. It's going to be a collection of what material is available and what kinds of recommendations we might be able to make to employers when they ask us about the question of day care, or when we suggest to them it might be an issue they should look at. One of the problems we have found is that when they do their own surveys they say, "Well, our people all have arrangements for day care." What we have to say is, "Of course they do or they wouldn't be working, but we are concerned about the ones who can't take jobs or have to work part-time when they need to work full-time because they don't have adequate arrangements." If we can help them with some of the information we gather, we will. It will not be a gigantic research study; an action research study is what we like to call it.

Mr. McClellan: I'll go back to the Minister of Labour. I've raised this point before. Most western industrial countries have a coherent day-care policy and many of the western industrial countries have defined day care in the context of equal participation of women in the work force. In Sweden, for example, day care is seen as a policy in aid of the objective of achieving equal participation and is regarded as a legitimate cost in achieving that objective. Ontario doesn't have a policy and the Ontario Report, Today and Tomorrow, has a nice little statement of our non-policy on page 33.

"In the past there has been no general consensus regarding the role of government in day care in our society, a philosophy which has to a large extent dominated Canadian thinking in the design of day-care services in this province which places the prime

responsibility for day care with the family. It does recognize that publicly-funded programs should be made available in some circumstances, for example to assist the children of low-income parents or children with special needs."

It goes on to talk about standard setting and that kind of thing, but day care in Ontario has been defined as a welfare service for disadvantaged and low-income families. It has resulted in a service that is at one end welfareized, stigmatized and ghettoized the same way that any welfare service is in our tradition. Secondly, for the rest of the population it's a service that's not affordable except for those who are relatively affluent. So for most Canadians of average means, between \$10,000 a year and up to about \$25,000 a year, day care is unaffordable. People are locked out of the day-care market. They are not poor enough to get subsidy and they are not affluent enough to be able to buy it on the open market at \$10 or \$11 a day. We're left in a state of complete vacuum around an essential women's service. I understand what Ms. Clarke is saying in terms of her mandate, although I suspect an enormous degree of interest within the women's bureau because of their various attempts to come in on the day care issue through the back door, and I applaud her for it; but nevertheless I think it ought to be part of their mandate, and I think it ought to be part of the pre-occupation of the Minister of Labour, as the now Minister of Labour and Manpower. I hope that at least you won't allow the development of provincial day-care policy, assuming that one ever emerges, to be left to the welfare bureaucrats within the Ministry of Community and Social Services. I don't think they are capable of breaking out of the welfare straitjacket.

One of the reasons we have been in support of the Ontario Status of Women Council's recommendation that an inter-ministerial committee be established to look at a restructuring of day care, to look at the possibility of putting day care into schools; and to extend that to try to get day care out of the welfare system and into a more appropriate setting so you don't have to send people to the welfare office to go through the kind of humiliation that any welfare recipient has to go through in order to get a subsidy.

This is what you have to do. You have to go to the welfare office and you have to line up, you have to wait. You have to fill out the most degrading means test; that

process is still in use in this province. Of all of the means tests, the form you have to fill out to get a day-care subsidy is without any dispute the most degrading and humiliating.

This is how we run day care in this province. We have had a complete freeze on day-care expansion since—you say in your report 1977, but really that was money that because of imbecility the ministry wasn't able to spend until 1977, actually, the last money for the expansion of day care was provided in 1974 and 1975. Some of that money trickled down into 1976 and 1977 from projects that didn't come on stream until 1977. In terms of this government's priorities day care has been dead since 1975.

In the meantime, the number of working women with pre-school children has continued to increase, the need has continued to escalate. The number of women and families locked out of the day-care market because of the cost has grown. The number of families who are forced to make inadequate arrangements, through neighbours or whatever, has increased.

The Social Planning Council of Metropolitan Toronto talks in its reports about children at risk because of the inadequacy of private-home day care arrangements. It has documented the inadequacies: kids plunked in front of television sets so that the day care provider is the television set; kids who never get out of the house for weeks on end; kids who have inadequate meals; kids who are being looked after by people who have problems of their own that are so severe they are not able to provide adequate child care; kids who are being looked after by people who are physically ill in private-home day care arrangements.

Mr. Mackenzie: As a supplementary to my colleague's comments: Have the minister and the women's bureau looked at the matter of day care and its relation to things like the wage gap in terms of an affirmative action program? It seems to me a hell of a good case could be made for affirmative action programs in terms of women's needs and the handicaps they are operating under in terms of employment, with a look at more adequate facilities for women entering the labour market. It seems to me one of the things you can tie it with very effectively is the affirmative action program.

Mr. McClellan: I couldn't understand where this buzz was coming from behind me. I see now it is the minister who killed day-care expansion muttering away.

Mr. J. A. Taylor: If you want a debate on day care I would be delighted. My comment was to the minister. I was wondering why he was just sitting there. What are you going to do about this, Mr. Minister? Here you have this under women's programs. Why should day care be under women's programs, Mr. Minister? Why shouldn't it be under men's programs? What is all this discrimination?

[10:45]

Mr. Wildman: You were the guy who said 12-year-old kids should be able to get out and help their mothers.

Mr. J. A. Taylor: You weren't even here then.

Mr. Wildman: I was so.

Mr. J. A. Taylor: You conspired with the reporters in the press to produce a bad image, that's what you did.

Mr. McClellan: You can understand the problems that day care sustained under this guardianship, Mr. Chairman.

The time has come to get it out of the welfare system. The time has come for the minister to assume a proper role in the development of an adequate day-care policy.

What is your own response to the recommendation of the Ontario Status of Women Council that an interministerial committee reformulate the province's day-care policy and programs?

Hon. Mr. Elgie: As you well know, Mr. McClellan, and as Ms. Clarke has said, the very structure of the policy secretariats and the mandates given to us do not include policy matters with regard to day care; it is just that simple.

The social policy secretariat and the Ministry of Community and Social Services deal with that. Are you saying that should all be restructured?

Mr. McClellan: If your mechanisms are inadequate to the work that needs to be done, obviously yes, they should be restructured. Are you so locked into your policy fields that you can never talk to your colleagues in the social policy field on a formal basis around specific problems?

Hon. Mr. Elgie: It has not been traditional to get involved in other ministries' policy decisions.

Ms. Clarke: We have had some involvement. For some time now ComSoc has been looking at day-care policy, trying to establish a day-care policy for Ontario. I did take part in several discussions and one of my staff did also. We looked at all the alternatives. The kinds of things the status of

women council is saying are nothing new. They have been discussed for some time by others, and they have also been discussed by ComSoc for some time. I think it is worthwhile to know we have had that kind of involvement. In fact we are hoping to see the draft policy paper within the next six months; we will probably be attending a final meeting to discuss that draft.

Mr. Mackenzie: Can you see a concept of affirmative action in terms of women's—

Ms. Clarke: We already have one, that is why we are looking at industrial day care with the possibility of having some good suggestions to make to employers we are working with.

Warner-Lambert, as I mentioned before, is one company that is working very hard in the whole area of day care. The company was quite prepared, if employees with families so wished, to establish a centre there or develop some co-ordinated approach to it. Using Warner-Lambert as an example we are hoping to spread the word to other employers that this is another way of reducing absenteeism, which is certainly a factor, and encouraging and keeping good staff.

The whole problem of pregnancy leave, for example, could be helped if employers knew that the woman was coming directly back because she and her husband had adequate care for their child.

I think it is something we can sell, and we are certainly going to do that.

Mr. McClellan: Again, it goes without saying you can't achieve people participation without an adequate day-care policy, without day-care programs that present a range of real choice to working women with pre-school kids. Until Ontario wakes up to that reality a lot of what we are talking about here this morning is a lot of hot air because you lack—

Mr. W. Newman: That's for sure.

Mr. McClellan: I'll ignore the yahoo vote. The reality is staring you straight in the face.

Mr. Mackenzie: It is also very interesting to get the reaction to positive suggestions, the yahoo reactions.

Mr. McClellan: That's right. I hope when the province's day-care policy comes out there will be some provision for a voluntary registration of private-home day care so that the province can assure working women, and their families, that there is a measure of quality in private-home day care.

Secondly, the subsidy arrangement will be taken out of the welfare context and made

available to people in the middle income group who currently can't afford day care, made available to families who choose registered private-home day care. I think there are all kinds of ways we can expand the accessibility to quality day care, including an expansion of group day care and also wise use of private-home day care.

It is not a question of either/or, it is a question of a judicious mix and sufficient quantity so that people have real choices and don't have to make bad choices for themselves because of economic pressure.

I don't seem to be getting anywhere here, as elsewhere, but it is not a problem you can continue to ignore as a government. It is just absolute folly; it is doing damage to families in this province, as has been documented in studies and as is obvious to anybody who sticks their head up from out of the mud.

Mr. Mackenzie: I have two questions remaining under this particular vote to the minister. Could I ask what activities the women's bureau will undertake, or what kind of support or monitoring they will be doing in terms of the current rather interesting battle going on at Stelco over women's rights to employment in the mill? I met just last week with a committee that has been set up for women who work at Stelco. Are you dealing with these women; have you taken a look at the figures and the charges that have been made in terms of the numbers, that is the number of applications and the number actually hired? Can this particular group of women expect, or are they getting, any help from the ministry?

Hon. Mr. Elgie: Ms. Clarke, we discussed that. Will you respond please?

Ms. Clarke: Actually, before there was a human rights case I had an interview with one of the women involved. She came to see me in the office to see whether she had a legitimate complaint.

Norma Berti of United Steelworkers of America accompanied her. We had a discussion about the situation. This happened to be a teacher who had been declared redundant, who had gone back to school and taken a 42-week course, I believe, as a machinist. She had decided if she could not be a teacher she would find something she could be. I had a lot of respect for her.

She subsequently had great difficulty getting a job, although she had extremely high marks and was obviously very competent.

Mr. Mackenzie: I talked to her instructor. She is a first-rate machinist.

Ms. Clarke: That's right, that was the example. I don't know the other people involved in the human rights cases. Obviously we are following it with great interest. At the minister's request I did contact Robert Henrault, who is in charge of industrial relations for Stelco. I had a meeting with Mr. Henrault and two of his staff last week.

We were not discussing the cases, obviously that is the job of the Ontario Human Rights Commission and the matter is under investigation. Obviously that wasn't something we were going to discuss, but what we did talk about were some of the possibilities for training and hiring women who were interested in moving into non-traditional jobs. I suggested to them that perhaps we could be of some service in that. We had quite a long discussion and we are hopeful they will be contacting us for our assistance.

Mr. Mackenzie: Did you deal specifically with the rather remarkable figures that are involved in the total lack of hiring of women; some 30,000 applications and zilch in hiring since 1960 or 1961, whatever the date actually was?

Ms. Clarke: I think it is important to notice that neither management nor labour seemed very concerned about it until there were human rights cases.

Mr. Mackenzie: That is true, although the human rights cases were invited by the executive of the local; they were encouraged when they came to the local union, as you are probably aware, to pursue the matter.

I think the figures themselves are rather stark.

Ms. Clarke: Yes, they are.

Mr. Mackenzie: That is why I am wondering if this particular point was raised with Stelco in the course of your conversations with them, and whether, other than the normal of having to put in an extra wash-room or some doggone thing, whether there is any particular answer to them, whether that was something you discussed with them.

Ms. Clarke: We discussed a wide range of issues, which I really wouldn't want to discuss openly at this point. Any discussions with a company are, of course, confidential.

I think we touched all the bases we could think of.

Mr. Mackenzie: If the group, and I think it is going to grow beyond—what is it, just four complaints at present?

Ms. Clarke: Yes; and one at Dofasco now.

Mr. Mackenzie: If that group expands, as I suspect it will, to become actively involved

in a fight to open up the hiring policies, what kind of help will it get from the women's bureau? Talking about beyond the specific cases, obviously.

Ms. Clarke: This is one of the problems, getting the skilled personnel together with the companies. There just are not thousands of women trained to go into many of the jobs, although in some of the semi-skilled jobs where they are trained right in the plant it seems to me there are some opportunities.

There are many ways in which a company can move to examine its own hiring policies. It can often make a difference, for example, if a company like Stelco were to put an ad in the paper saying such and such jobs are available to both men and women; or we invite applications from both men and women. I think there would be a difference if that were the case.

Stelco does say it has always hired the best qualified, but that has not been decided as yet and I don't think we can jump the gun on that one.

Mr. Mackenzie: I have had two sons go through the initial stages of Stelco's training, and I have talked to innumerable young people who have, as well as some older people.

I want to tell you that as a general rule they haul them in and in the course of the first month or six weeks they will be on eight or 10 different jobs. If one of them is one they don't particularly like, despite the fact they show enough promise to last, they don't necessarily stay on it.

My son spent three weeks scarfing, which is one of the rotten jobs. Finally he told them he didn't like it and was promptly off it; but he had a pretty good record in terms of the several months he was there. The trainees get exposure to a cross-section of jobs during that first few weeks and have the opportunity to move out of some of the ones for which they don't feel particularly qualified or comfortable with. Usually the company is fairly co-operative in that initial stage. I have talked to more than half-a-dozen people who have been on particular jobs who say more than one or two out of the eight or 10 they may cover in the first few weeks couldn't have been handled by any healthy woman.

I just hope you are aware that some of the arguments as to what women are or are not capable of doing are a total bunch of hogwash.

Ms. Clarke: That is certainly a problem when you look back to the situation in the Second World War when women were doing

all those jobs, and doing them extremely well. We know that it is quite possible, for women to do those things, but you find that the attitudes have all come back after the progress that was made at that time. Certainly the attitudes are there today that women don't want to get their hands dirty. Even if they carry two children around women somehow or other can't lift cartons, are not capable of lifting.

Mr. Mackenzie: The reason I think there is an extra onus on something like the women's bureau and nobody but a fool would deny it, is that you not only have the company's position and its built-in bias against women, but you have a heck of a lot of guys in the plant who seriously question their capability.

Ms. Clarke: That is right. Many women leave jobs because of the harassment they receive when they move, on their own, into a non-traditional job.

Mr. Mackenzie: Even though initially in any case like this there are also a number of so-called hard-hats who emerge, I sense from the tenor of the last few local union meetings at worst a grudging acceptance and at best a fairly clear understanding that things are going to change. I think none of the comments, either from the worker or from the management side, can be allowed to stand in the way of that kind of a move. That is the point I am making very clearly.

The other question I had, Mr. Minister, is my last. I would like to understand a little more clearly exactly what you intend to do in terms of the private member's bill my colleague put forward on equal pay for work of equal value, either in dealing with that bill or making your own response to it. It is a fact, for whatever reason and for whatever weight it carries, that the bill went through in the House. It is certainly an issue that has been debated for a long time and action is long overdue. We see examples in the points we have raised today of the fact that the gap is really not improving substantively.

Just what are your ministry's plans, either in terms of the bill that is on the order paper from Dr. Bounsall or in terms of developing some response or some legislation of your own in that particular area? Is there anything on the drawing boards?

[11:00]

Hon. Mr. Elgie: At the moment a bill is before a standing committee. We will be interested in the discussions that take place and in the final recommendations. During the processes of the increased number of audits that I mentioned to you, we have

been looking at other modalities, such as the composite index. We will be evaluating the results of those audits in the light of something like the composite index. We are looking at alternatives to the existing equal pay for equal work section. What policy will come out of that I cannot tell you at the present time, I just do not know.

Mr. Mackenzie: Is there a commitment as you see it to come up with some policy in the, hopefully relatively-near future?

Hon. Mr. Elgie: This is the aim of the things we are undertaking now. What policy will come from that will only be known when we make those decisions. As the deputy minister points out, this will also be a matter—

Mr. Mackenzie: That was not a Freudian slip, was it? He is not thinking of running, is he?

Hon. Mr. Elgie: God, everybody has Freudian slips. What happened to all the other members of the triumvirate in that great psychiatric breakthrough? Everybody is Freudian. That is a matter too, that—

Mr. McClellan: He is the silliest, that's why we use him.

Hon. Mr. Elgie: He was the silliest, you say.

To get back to cases, that will also be one of the matters that is before the Ontario Manpower Commission, this business of equal pay for equal work.

Mr. Chairman: Are there any more questions on this vote?

Mr. McClellan: I would ask Ms. Clarke if I can have a copy of the industrial day care—what is it called?

Ms. Clarke: We haven't called it anything yet.

Mr. McClellan: Okay. Call it the industrial day care entity, when it is available.

Ms. Clarke: Yes; when it is available.

Mr. McClellan: Secondly, could I ask again that you, or Mr. Swartz, do some basic demographic work to try to determine the number of working women with pre-school children, and the number of pre-school children who obviously will require child care of some kind. It should be possible to get that data from Statistics Canada or to have them do some data tabulation to get it. It does not seem to be available from the Ministry of Labour at the present time. We have been phoning within the past few days to try to get it. Could that be done and forwarded to us?

Mr. Swartz: If the information is available we will get it and forward it to you. If it is not available we will have to look into what might be involved in getting it. Offhand, the only accurate, the only total source I know of right now would be the 1971 census, and we can also check into the 1976 census. Neither of those will be very reliable sources at this stage. I would not like to try and make any recommendations for action based on data pertaining to Ontario which comes from the 1971 census.

Mr. McClellan: The participation rate surveys don't have that detail of information?

Mr. Swartz: No. The labour force surveys have nothing on dependency status of people, either the number of dependents and the age of dependents of people in the labour force. Consequently we would know the age of working women and we would know approximately where they live, but we would know nothing about their status regarding dependent children. I will check into this. If there is anything I would be glad to make it available to you; but if there is not information readily available I would caution anyone who expects that it would be an easy matter to get it.

Mr. McClellan: Sure, I understand.

Mr. Swartz: It would really be like doing the 1971 census again.

Mr. Eaton: Would the information be non-discriminative and include working men who are sole supporters of children too?

Hon. Mr. Elgie: No problem there.

Mr. Mackenzie: A final comment, Mr. Minister: I presume we will be taking the vote now on these items, but the 1978-79 estimates showed \$633,000 under the women's program and the 1979-80 shows \$653,000. If my arithmetic is correct that is about a three per cent or 3.1 per cent increase. I hope that doesn't relate to the importance that is assigned to the women's bureau activities in the ministry.

Hon. Mr. Elgie: I can assure you it does not, but I can also tell you the reality. There were tough battles involving budgetary constraints that were placed on all activities.

Vote 2403 agreed to.

On vote 2402, industrial relations program; item 1, program administration:

Mr. Haggerty: I hope I am on the right vote in dealing with activities aimed at the achievement of harmonious collective bargaining relations between employees and employers.

I was interested, and I suppose other members will be interested too, in last night's federal budget which included some tax proposals that will hit almost every person working in the labour force in the province of Ontario. If one can make a quick assessment of the impact of the budget—and it has been indicated it is going to add further to the high unemployment in the province of Ontario—there is no doubt our youth trying to obtain employment in Ontario will run into difficulties. This is a difficult area now. These persons already have a hard time entering the labour force in the province of Ontario.

I suggest to the minister that we are going to have to perhaps take a good look at this particular area. The matter of the increase in petro fuels and other oil related products is going to cause further problems to the taxpayer in the province of Ontario and add further to the inflationary cost. The budget is no doubt going to move Canadians into double-digit inflation. It is almost entering that now. This will certainly have a serious impact on contract negotiations that are coming in 1980.

Since the removal of the anti-inflation program, which provided consumers with some breathing space a couple of years ago, we have seen a large increase in profit to certain corporations in Ontario. The other area we look at is the banking fraternity and the huge profits made in this particular area. The high interest rates are going to cause some further problems when the industries and the employees go to the bargaining table next year, in 1980. Even with introduction of the minister's bill yesterday, an amendment to the Labour Relations Act which hopefully will try to speed up negotiations in Ontario, the high interest rates are going to cause some difficulties in the construction industry. Certainly we have seen a curtailment in development of certain housing sites. Industry in the province of Ontario has cut back on a number of expansionary programs due to the cost of borrowing money.

I suggest to you that this is going to cause, no doubt about it, serious, even critical, hard bargaining in the 1980s; it is going to cause difficulties, perhaps, in a number of labour disputes. Hopefully there will not be too many. The minister has indicated, and I think we are well aware, that rather good, healthy bargaining and negotiations are carried out in the province of Ontario, but there are particular areas of difficulty in some large industries that have an impact on the community and even on our economic future

here. I mentioned earlier the fact we lost some 200 jobs in St. Catharines due to a lengthy strike at the Columbus McKinnon factory. Also in the glass industry here—at Pilkington Glass Limited—a long labour dispute recently resulted in closing of the door on some of this operation with a loss of 400 jobs. I don't know what the impact of the lengthy strike at Inco will be on the Sudbury area, but I understand that a number of employees never returned to their jobs at Inco. I don't know just how many they did take back, I don't think they took everybody back. My point is that there are difficulties as a result of some of these long strikes. I suggest to the minister that he is going to have to take some initiative in this particular area. We cannot afford to lose 400 jobs in a plant here in Metro Toronto. We cannot afford to lose 200 jobs in the Niagara Peninsula. The more I look at the branch-plant economy, as it relates particularly to the Niagara Peninsula, I can see that with the recession—and I guess it is going to go deeper yet in the United States, their economy is going down—you are going to see some major changes in the branch-plant operations here in Ontario.

I think you are going to find they are not that profitable, that the corporations in the United States will be pulling back some of their operations here in Ontario, in fact in Canada. I suggest to you that you are going to have to take a serious look at your bargaining team and the team of negotiators for mediation services here in Ontario. You are going to have to take some initiative where you anticipate a long labour dispute; you are going to have to get into these things and settle them before we see the closing down of these plants.

I don't know what the minister has in mind to improve the labour situation, but in a long and lengthy strike if we don't do something more plants are going to phase out or close their doors. We cannot afford that. I suggest that the federal budget which was brought down last night is going to cause serious difficulties in the area of bargaining this year. The unions, and you cannot blame them, are going to be pushing more for the cost of living allowance formula. Those who don't have it or those who have been talking about disbanding it are going to stick to their guns in this particular area; they have to keep up with the cost of inflation, if not you are not going to see the economy move ahead as it should here in Ontario.

I would like to know what steps the minister has in mind. Is he going to consider some

amendments to the Labour Relations Act to discourage long labour disputes so we don't lose jobs in the province of Ontario?

Hon. Mr. Elgie: First of all, if I may comment on the first parts of your remarks, I don't think you will get any argument from me or from this government about the problems there are with inflation. I think the Premier (Mr. Davis) has made that very clear, in particular with his views and our views on the energy situation and distribution of revenue from that source. I don't think you will find me or the government at odds with our shared concern about the problems of inflation that are facing all of us.

You mentioned particularly the problem of youth employment. We haven't had a chance, obviously, to evaluate the impact of the budgetary comments with regard to youth employment. As you well know, the federal government has been indicating that it had a particular youth employment strategy in mind. We will be reviewing that to see what impact it will have on this province. We had anticipated on the basis of the existing programs available—and I might as well go over that, starting with the Job Experience Training program of the federal government. Last year there were 8,000 employed in that. On the basis of our own evaluation, we had reason to believe that would go to 16,000 this year. If what I am told is true, that may well be replaced by an employment tax credit program.

Initially the federal employment tax credit program, as it dealt with youth in particular, started off very slowly in this province. Interestingly enough, it had a much greater take off in the province of Quebec, but if one looks at what happened since the fall of last year through to September and October of this year, in this province it has started to take off and some 14,000 jobs were created under that program.

I understand that federal projections are that there will be a significant take up in the employment tax credit which will contribute significantly to youth employment, but as I said we haven't had a chance to evaluate the impact of the budgetary statements last night.

Obviously we are concerned about long strikes. As I mentioned in my opening remarks in the 1978 round of bargaining in the construction industry, in the industrial sector, commercial and institutional there was a carpenters' strike that accounted for something in the neighbourhood of 500,000

man-days lost. That had a significant impact on this province's strike-days-lost record.

[11:15]

Having said that, I have to reiterate that we still have an extremely low incidence of strike frequency; a low incidence of propensity to strike if our studies are correct, and I believe they are since no one has contradicted them.

It was with that sort of obvious situation and in the face of recommendations from a combined labour-management advisory group, the Construction Industry Review Panel, that those recommendations with regard to the Labour Relations Act were introduced yesterday. I don't think that in the difficult situations that are going to be facing us we should have that sort of potential for further strike held out. I hope, and I know that you hope, that we will avoid that, because it would indeed be another catastrophe and give us an unwarranted man-days-lost record, which I don't think we should have.

As to bargaining strategies, I would like to feel we have in this province, in our industrial relations division, one of the finest conciliation/mediation services in the country. Certainly that is what I am led to believe by everyone I speak to, that in comparative terms they are outstanding. Obviously we will continue with that, and if other problems present themselves then we will have to deal with them as they face us.

It may be we have to make increasing use of the disputes advisory committee technique. As you know, historically that technique has resolved 50 per cent of what really were very desperate situations in terms of difficult strikes and longevity of strikes. I don't think that is a bad record considering the nature of the problems they were confronted with.

In the Boise Cascade situation it was unfortunate that neither party agreed in any substantive way to the recommendations of the disputes advisory committee. I think that would have resolved the problem; but that is their decision to make, not mine. I think it has to remain their decision.

Were there any other comments you made to which I haven't responded?

Mr. Haggerty: I think my main concern was that your ministry does have good relations with employees and industry and we don't have too many serious strikes. In the serious strikes that have occurred within the past year we have seen a loss of jobs occur through long labour disputes. I was

hoping perhaps there would be more initiative shown by your ministry where you sense the possibility that the plant may close its doors or phase its operations out, that more effort would be made by your ministry to ensure this does not happen. I think we should make every effort to make sure the jobs are available.

Hon. Mr. Elgie: I would like to think that I personally, as well as my staff, made exceptional efforts with regard to the very long and disabling Inco strike, but as you know, one part of the bargaining section down in your own community accepted ministerial intervention recommendations while another part did not. Those decisions, again, were the decisions of the parties involved, and I respect them; but in terms of effort put forward and willingness to utilize whatever options were available to us, we did so in that situation and will continue to do so in any other situations that face us.

Mr. Haggerty: So there will be nothing in the legislation to say to—

Hon. Mr. Elgie: What particular type of legislation?

Mr. Haggerty: I was thinking of the situation in which you run into the serious difficulty of a prolonged strike that can have a serious impact on the economy in Ontario. I think, and I discussed it before, that a cooling off period would be one of the right directions to move in this particular area to get them back to that bargaining table to do some hard bargaining.

Hon. Mr. Elgie: I know that is a particular interest of yours and you have a private member's bill about it. I think you will recall in the opening stages of these estimates there was considerable attention paid to the question. Really, it relates to the Taft-Hartley law which is its counterpart in the United States one might say. Frankly, I don't have enough experience or knowledge about the effectiveness of the Taft-Hartley legislation. You did hear from the deputy minister that he had, on the basis of the experience with the act, some concerns about it. However, I think that is the sort of information that will come out in the debate of your private members' bill.

Mr. Haggerty: It does carry a little bit of clout, though, for, say the government administrations, to apply it. They could have it just hang there and say we are going to move in that direction; that seems to get the industry and employees back to the bargaining table. There are different situations in which there is an impasse when they are looking for leadership by some government

agency to step in and bail both of them out, in a sense, both management and labour.

I think it has worked successfully over there. We do not, particularly on the American side, seem to see the long steel strikes any more. It has worked very effectively in this particular area. It is not something they use all of the time but it is there; a little bit of clout that government can use. I suggest where there is a possibility, when one can see that the operations of an industry may phase out through a long strike, we have to move in that area to save those jobs.

Hon. Mr. Elgie: Again, and without prejudicing any debate that may take place, would it be appropriate if I could just ask the deputy to review again his recollection of the experience with Taft-Hartley?

Mr. Armstrong: First of all with respect to the steel industry in the United States, they have had for the past seven or eight years what they call "the experimental negotiating agreement," where the Steelworkers have agreed there shall be no strikes during that period, so I don't think you can relate the record in the steel industry in the United States to the operation of the Taft Hartley Act. It hasn't been invoked and it hasn't had to be invoked.

At the risk of repeating myself, the recent experience with Taft-Hartley I would not have thought has been very encouraging. I mentioned the other night the strike of the United Mine Workers of America where President Carter did invoke Taft-Hartley and it didn't work. Perhaps this is too simplistic. There is not much point in having a cooling-off period if one or other of the sides does not agree with that. It casts the law into disrepute and causes difficulties. So speaking very personally I have some reservations about rigid cooling-off periods of the sort that are included in the Taft-Hartley law.

Mr. Haggerty: You may be correct in some of your comments, particularly regarding the Steelworkers in the United States. But they have this other bargaining process under which every time the industry raises the price of steel there is an automatic benefit given to the employees in the industry without even going to the bargaining table. I think that was set up under President Kennedy's program to bring about better labour relations in the steel industry in the United States, and it has worked very well.

The industry has had increases and has increased profits, but the labour group have also shared in that profit increase. It is one way of doing it, I suppose, so that they don't

have to go to the bargaining table all the time.

In the matter of the coal miners' strike it certainly did bring about a much quicker settlement in that particular area. Sure there was some bitterness shown, but it got them back to the bargaining table and that is the main thing.

I am not going to continue with it any longer. All I am suggesting to you—

Mr. Mackenzie: There is an error in the statement Mr. Haggerty made. They have worked out their own arrangement for contract negotiation, but they not only have not accepted the cooling off period in Taft-Hartley, they voted almost unanimously at an international convention to oppose it.

Mr. Haggerty: You may be correct in that, but I mean it is still there. There are some good points in the Taft-Hartley law in the United States. I don't say it is all good, there are some bad parts I would not want, but in this one particular instance all I am trying to say is that I think where you have a loss of jobs due to a lengthy dispute I think the ministry is going to have to show more initiative. As I said before we cannot afford to lose jobs in Ontario.

Hon. Mr. Elgie: I am not saying, Mr. Haggerty, that it will not receive some consideration. All I am saying is these are the concerns that have been expressed. Your bill will be subject to debate and it is something we will review in the light of that.

Mr. Haggerty: If it is ever drawn out of the hat, I guess.

Mr. Chairman: Mr. Wildman.

Mr. Wildman: I just want to make a few comments with regard to some things Mr. Haggerty raised. I am sure the minister is aware of the study that was recently published, I believe by a professor at Laurentian University, about the effects of the Inco strike on the socio-economic fabric of Sudbury and on the families of the strikers.

Hon. Mr. Elgie: I am not personally aware. I knew there was a study being done.

Mr. Wildman: It was a very interesting study. The findings surprised everyone.

Hon. Mr. Elgie: I did read about that in the paper.

Mr. Wildman: Labour, management and the third party—being the community of Sudbury, the merchants and so on—

Hon. Mr. Elgie: Yes.

Mr. Wildman: In essence what the study indicated was that the traditionally accepted effects of strikes on a community and on the

families of the strikers were somewhat ill founded, or at least it appeared to be so in the results of this study.

Very few of the strikers, in fact, went into debt during the strike; about 50 per cent of them as a matter of fact had other jobs during the strike. The economy of Sudbury was not harmed significantly; as a matter of fact sales were up in most of the stores.

The families of the strikers in many cases appeared to have been strengthened. Relationships between wives and husbands and fathers and children seemed to have been strengthened. It is a rather interesting study, one that I think that Mr. Haggerty might find interesting. I am not suggesting that strikes are a good thing and something we should encourage to strengthen families and—

Hon. Mr. Elgie: Is that a policy proposal?

Mr. Wildman: I am not saying it would apply to all strikes of course, but in this particular situation where you are talking about a major long-term strike, most people would normally have expected it would have had serious economic effects on the community and would have produced serious social strains in families and so on. I am sure it did in some cases, but overall this study at least seems to indicate those kinds of effects were not as widespread as might be expected, or even in the majority of cases felt. So I think we have to look very carefully at what we take—

Mr. Haggerty: You raise an interesting point. Here you have an industry which is out on strike—and I forget how many employees in Sudbury, you said 50 per cent found a job someplace else?

Mr. Wildman: That is not including, of course, the people who are—

Mr. Haggerty: No, but the same thing happened in the case of Columbus McKinnon Limited Industry in St. Catharines where they manufacture chain hoists. Around 200 employees went out on strike for 10 months. They found jobs in some other area. It is interesting; why were those jobs not available to somebody else who is looking for employment?

Mr. Wildman: That is something else that wasn't looked at in the study.

Mr. Haggerty: You raised a good point there.

Mr. Wildman: That is not something to which I can refer; I think that both labour and management are going to have to look at that study very carefully.

Mr. Haggerty: I would like to see it too; I am very interested in it.

Mr. Wildman: It could be quite instructive on how labour has to approach management in the future and how management is going to have to look at its employees in terms of negotiations.

Mr. Haggerty: That's like holding down two jobs, isn't it—working while on strike?

Mr. Wildman: I want to emphasize, and I don't want Mr. Haggerty to get a wrong impression, that the main thrust and the main findings in the study did not emphasize the fact that certain workers had other jobs, that was not the main point. The main point was that with the other 50 per cent as well, who were not working, families were in fact strengthened and did not go into debt. Merchants in the community were not hurt. As a matter of fact they extended credit. Those debts were not finance company debts or anything like that. Once the strike was over people were able to settle their financial situation and so on. The community was not harmed in the sense that might be expected, or that is the indication at least from these initial findings.

[11:30]

Hon. Mr. Elgie: Before we leave that, and aside from your policy recommendations on the value of strikes and family unity, we all know there were several factors that accounted for that. A lot of spending on other items such as holidays, trips, trailers and so forth stopped. You have to talk to people up there to know that happened.

Secondly, a lot of workers did find other work, and several of them had working wives. They dipped into their savings. They borrowed from the savings of their relatives. So there are a lot of other factors in place. I have to tell you that our own study, which Mr. Swartz has here, did show there were significant financial implications in terms of individual workers. Perhaps he could just say a couple of words about that.

Mr. Swartz: The study we conducted was carried out while the strike was ongoing as part of a monitoring process to keep the minister and the ministry apprised of what the impact was and how things were developing. The indication was that problems were developing but that we were not into a crisis situation.

People did incur increased debt. Professor Radecki's study at Laurentian University did indicate that about 25 per cent of the people out on strike increased their total amount of indebtedness substantially, by borrowing and in other ways.

However, you got very little in terms of bankruptcies and suspension of payment on debt and things like that. What you did get, when you're looking at it from an economic point of view, is that people didn't stop making payments but they stopped making payments of the amounts for which they were committed. They started deferring a certain amount of debt. Of course that will catch up to them, both in terms of interest and having to catch up on the payments. The banks and the creditors in the community were not repossessing cars and furniture and stuff like that, they were allowing deferral of payment on debt as long as they were getting a few dollars a month.

Mr. Wildman: They didn't have any choice.

Mr. Swartz: I'm not trying to be an apologist for the banks or other institutions there. In effect there wasn't a panic reaction within the community, such as, "Let's grab what we can get in terms of assets now." I think there was a fairly responsible attitude from all members of the community as to what they were trying to do.

The business community in Sudbury, though, was adversely affected. Sales were down. The best record of what happens in terms of sales in the community are the data that are contained in the revenue statements of Ontario sales tax. They were down phenomenally. I think that's the best indicator that the health of the community as an economic entity did deteriorate during the course of the strike.

Overall though, it was felt that the community, the people in the community and the business community, were aware of what was happening when it was happening; were consciously aware that the situation was getting bad but that it was not a total crisis, that you weren't going to have people starving, and you weren't going to have things blowing up on them.

Mr. Wildman: In fact I understand that this year's Christmas sales are up phenomenally.

Mr. Swartz: Yes.

Mr. Wildman: The study to which I referred indicated, you're right, that sales were down and that people did defer payments, but that in fact most of the employees within a year of the settlement will be back on their feet. The same goes for the business community. I think the difference in this particular situation as opposed to another to which I want to refer, Boise Cascade, is that you did not just have a strike of Local 6500 against Inco, you had a community united against Inco. You not only had the workers

involved but also their families. The wives' support committee was a tremendous success.

You not only had that but you had the business community very unhappy with the situation in their community. I'm not saying they necessarily supported the demands or the requests of the employees, but they did not like the way they perceived the company to be operating.

I think that is a central factor in determining the effects of this kind of a dispute on a community. In Sudbury you had a lot of people, no matter what their position in the community, coming to the conclusion they had to get behind the workers. As a result you had the kind of results this study indicates.

Hon. Mr. Elgie: There's no doubt the ability to focus hostility has always created a coalescence among people of disparate interests.

Mr. Wildman: Inco does a good job of it.

Mr. Lane: I think what Mr. Wildman has pointed out is absolutely correct. There was a lot of support behind the striking workers in Sudbury. The results were good.

I think we also have to realize that the same type of strike 25 years ago in Sudbury, or in some other one-industry town in northern Ontario, could very well be altogether different. Sudbury is a big boy now. They have a lot of other cash flow sources besides the mine operations.

I can recall a strike in Sudbury many years ago when the situation was just reversed. At Christmas you could shoot a cannon down the street and you wouldn't anybody because there wasn't anybody out there. There was no money to spend. I think we have to realize that Sudbury has grown up. There are a lot of other payrolls being met there all the time; Inco is no longer the only employer in Sudbury, even though it's the major one. It's a different situation; this strike had different results from the one of many years ago that I remember.

Mr. Wildman: I would agree with my colleague from Algoma-Manitoulin. I just hope that Inco has learned the same lesson, although I wouldn't suggest that the goat industry is going to replace Inco as the main industry.

Hon. Mr. Elgie: We don't want to get into partisan considerations about the directors of that company.

Mr. Wildman: I'd like to comment about a very serious dispute, one that has been raised before in these estimates. It's one that I know my colleague the member for Port Arthur (Mr. Foulds), who is in another

committee this morning, wants to come in and discuss as well. That is the Boise Cascade situation where you have anything but the kind of unanimity in a community that we might have experienced in Sudbury.

I want to raise it not just because of the terrible effects it's having on the employees and their families, and on the communities as a whole in those particular areas, but also because of the significance it has for the whole industry in northern Ontario and the future of labour-management relations in the bush. I don't know whether the minister is aware, but in the north end of my riding, on the Abitibi limits, there was a two- or three-day wildcat strike, in early September I believe, because of the fact that Abitibi was bringing a contractor on to the limits.

It's obvious that companies are watching what's happening with Boise Cascade. If Boise Cascade is successful in its attempt to break the union, because that's exactly what I think they're attempting to do, and to bring contractors on to the limits in greater numbers than has been accepted in the past the other companies are going to follow suit. I think that's pretty obvious. We run a very serious risk of tremendous labour strife in the bush in the north this year. The union executive, quite responsibly in the situation I'm referring to, sat down and said, "Look boys, you can't stay out because we've got a legal agreement that runs until August."

[This is the basis of some of the concerns my colleague raised earlier about companies changing the rules of the game halfway through a collective agreement. What can the workers do in that situation? They couldn't legally stay out so they went back to work.]

However, I can tell you that in this situation you're going to see tremendous problems. I know you're going to see the same kind of situation in Kapuskasing when the contracts run out. If there is no effort to ensure that the lumber and sawmill workers and their negotiating rights are protected, we're going to see tremendous labour strife. The situation we've got in the Boise Cascade dispute will be magnified many times if it moves from the far northwest to the northeast as well.

I'm very worried, very scared, about the kinds of things that might happen. You've got men for whom I have a tremendous respect, who work very hard in the bush, and I don't think I'm being condescending when I say many of them, especially in the northeast, don't have particularly good language skills in English and who express themselves in more physical ways when

they're upset. We're running a serious risk in terms of the whole labour-management situation in the bush.

The failure of the various parties involved to resolve the Boise Cascade dispute in a satisfactory way, to make any kind of movement there, is being watched and will be followed closely by the other companies.

If that trend continues you will see the same thing, but on the other side of the equation. The lumber and sawmill workers realize that if they ever get into a situation where close to 50 per cent of the work on the limits is being done by contractors then their negotiating stance is worthless and they're nowhere. They're going to be forced into the situation of having to purchase equipment, going into debt and having to work night and day, not only just to pay for their equipment and its maintenance but also to put any kind of food on the table at home.

You know what that'll do, not only in terms of their own wellbeing but in terms of working decent hours and having decent take-home pay; and what it will mean in terms of safety in the bush. Men in that kind of a situation are going to take short cuts. Many of them, unfortunately, I hate to say take shortcuts now. This is a serious situation and one that is really brought home to me because in the north end of my riding we have union contracts and in the south there are no union contracts; it's all contractors on the limits in the south end, it's all jobbers.

Hon. Mr. Elgie: The same company?

Mr. Wildman: No, all different companies. I have a rather large riding. In the southern part of my riding you've got E. B. Eddy, Morgan Lumber and Weyerhaeuser Canada Limited; in the north end you've got Abitibi and Weldwood in the south end too.

In the southern part of my riding, where you don't have any labour contracts and contractors do all the work, the labour conditions faced, not only by the men working for the contractors but in many cases by the small operators and jobbers themselves, are appalling.

[11:45]

[The contractors themselves are completely at the mercy of the company. If the company wants timber they work; if they don't want timber, they don't work. If they don't work then the men don't work. The whole thing is contracted out.]

The question I have is not directly involved with the immediate problems at Boise Cascade, but what is the ministry do-

ing, if anything, to deal with this whole issue of contracting out in the bush? What is the ministry doing with regard to discussions with the unions and the companies to avoid the kind of labour strife that I see coming once the present contracts run out?

If the other companies move to contracting out, following the suit of Boise Cascade, we're inviting a kind of situation we haven't experienced in the northeast since the 1930s.

Hon. Mr. Elgie: I don't want to review in any great detail the absolute litany of involvement staff had, I had, and the disputes advisory committee had with both parties, but I think it bespeaks not only a concern but an involvement which in my experience has been unprecedented. However, it still failed to achieve a settlement. It failed to achieve a settlement in the face of a disputes advisory committee recommendation which included the recommendation that the two disputes advisory representatives would be on a board of arbitration to resolve the very matter you're putting forward. For the life of me I still can't understand the rejection of it, in substantive or in real terms, by both parties. However, that's their decision, not mine.

Without in any way suggesting that it's an unusual situation, I think we do have to acknowledge that the basis for this started back in 1959, when the 1959 agreement left in it the right to have subcontracting; you know that.

Mr. Wildman: That's in the Boise Cascade dispute; Abitibi does not have that.

Hon. Mr. Elgie: I know. That, to my knowledge, is the only organized setting in which that subcontracting clause exists. By some sort of verbal understanding it was confined to the Kenora region. Problems arose when it was extended to the Fort Frances region, which I am told by legal people the interpretation of the contract would have permitted. That was the key to the problem, the fact that it had been part of a negotiated and renegotiated contract over the years. I don't say it's right or wrong, but it's interesting this was the only company that had the subcontracting clause. I don't know how one can avoid the fact there was that peculiarity about the Boise Cascade situation.

The other peculiar and disturbing thing, from many points of view, was the lack of unanimity among the various union elements, which resulted not only in some workers crossing the picket line but also resenting,

to some extent, what was happening. It was a combination of unusual factors.

If you say you think the subcontracting aspect is going to become prevalent in the north and that we'll have the kind of unrest you envisage, I think that is very disturbing, but let me ask you what would you do about it? These parties are negotiating their contracts. Are you proposing the government step in, in the midst of contract negotiations, and insert mandatory clauses?

Mr. Wildman: Let me respond to a couple of things. First, what you're referring to in the Boise Cascade situation in 1959, and I may be wrong on this, but I understand that was a sort of grandfather-type clause that was inserted at that time because some contractors had traditionally been working in that area.

Hon. Mr. Elgie: It was a tradition in that area.

Mr. Wildman: That's right.

Hon. Mr. Elgie: But it wasn't expressed in the contract as a grandfather clause.

Mr. Wildman: That's fine; it may not have been expressed in the contract that way, but that was the understanding of the union.

Hon. Mr. Elgie: I am not trying to justify that, I'm just—

Mr. Wildman: I don't want to get involved with that directly, because I know my colleague will be coming down. What I am concerned about is if Boise Cascade can move contractors into other areas and get away with it, other companies are going to do it. I said that Abitibi, which in the past has not used contractors, right now has Buchanan working the limits out of Hornepayne. Those limits have been worked by the Lumber and Sawmill Workers Union, without contracting out ever since Abitibi moved into Wawa-White River-Hornepayne area. This has just been started this summer. What, if anything, is the ministry doing in this situation where they aren't negotiating, since their contract runs until August, but where a company suddenly brings a contractor on to the limits? Were you at all involved in the wildcat strike when the men walked out and took Buchanan's equipment out of the bush?

Hon. Mr. Elgie: First of all, you are not suggesting that Abitibi has in its contract with Lumber and Sawmill Workers Union the right to subcontract out work, are you? Are you saying their contract allows owner-operators?

Mr. Wildman: That is not the understanding of the Lumber and Sawmill Workers Union.

Hon. Mr. Elgie: It is not mine either.

Mr. Wildman: But Buchanan is working out of Hornepayne.

Hon. Mr. Elgie: In the face of a contract that doesn't permit it? I haven't read the contract, but it was my understanding that other contracts did not allow owner-operators.

Mr. Wildman: Abitibi is using the excuse they can't get enough men to work in that area.

Hon. Mr. Elgie: Has a grievance or a complaint been filed to the effect that it is in breach of contract?

Mr. Wildman: No, there has not, not to my knowledge. But were you at all involved in the wildcat where the men walked off for three days and took Buchanan's equipment out of the bush?

Hon. Mr. Elgie: We weren't involved in it.

Mr. Wildman: You have had no discussion with Tulio Mior about this? Well okay, I think this is an example of what is going to happen. If you talk to the men in Kapuskasing, I'm sure that is going to be on the table once negotiations are opened. Companies that now are not using owner-operators are going to do so; they have already raised it in negotiations in the past. It was an issue in the last Abitibi negotiation and it wasn't accepted by the union. They are going to be pushing for it harder.

I know this is hypothetical, but if there isn't a settlement it is conceivable that a company like Abitibi might go ahead and expand their operations with contractors and say goodbye to the union. If that happens, your people in the ministry should have a pretty good idea what is going to happen in the bush. The ministry should be aware of this and should talk to both sides in advance to find out how they see the situation this summer with the issue of owner-operators and contractors.

Hon. Mr. Elgie: When negotiations commence, the issues that are presented will be part of the conciliation and mediation process. If problems arise we will have to deal with them as they are presented.

Mr. Mackenzie: Mr. Minister, the very, very first note I sent to you when this dispute started, and it is a long time ago now, was on the subject of contracting out. I think the point my colleague is making is if you let it get away here you are going to see it

spread. In most cases it is cheaper for the companies to operate that way, but it's not going to be accepted by the workers, unless I am misreading those I am talking to. I think an indication of support by fellow workers—finally, in spite of internal differences—was the adoption of striker families at the OFL convention, at \$70 a week. I understand there is a pretty extensive list of members now out supported by the labour movement and by local unions right across this province. I don't know whether you have read the letter Marlene King wrote, which was read at the OFL convention, but it would be well worth putting on the record to give you some indication of the intensity of the feelings of those workers. If you talk to some of the people who are involved, and if you talk to Tulio Mior, you will find that there is a rallying round now on that particular case.

I think Marlene's letter said it about as well as anything. She simply says: "For almost a year and a half now, we have viewed the Boise Cascade strike in Kenora and Fort Frances with keen interest and involvement, being the wives of the strikers of Local 2693. We have been filled with sadness, disgust and frustration. We have watched helplessly as our men have been unjustly jailed and given criminal records for being strong-minded and fighting for what they believe in.

"We have watched families and friendships fall apart because one or the other is on the wrong side of the fence. We have seen our men off to the negotiating table full of optimism, only to arrive home more bitter and militant each day.

"And we have burned with rage as company security guards patrol our homes, scribbling down our every movement. Is it really necessary for Boise Cascade to know how many times a day our vehicles leave the driveway, or what time each night the lights go off in our homes? They are only serving to antagonize the already-explosive situation.

"We have spent hours protesting and calling out for logic and fairness in this situation, only to watch as hundreds of OPP, supposedly called in to keep the peace, aid Boise Cascade in their daily whims and strike tactics by allowing Boise free run of our towns and woodlands areas. Were they sent to keep the peace or to be put at the disposal of Boise?"

"Where does the OPP involvement end? Does their involvement include flying Boise executives to woodcutting sites in their own OPP helicopters, or taking full control of our highways and town roads? The OPP

stopped traffic for any length of time to suite Boise while we the taxpayers must sit and wait, taking a back seat. The OPP are costing us millions. Are we the taxpayers not paying for this calamity?

"We have sat and listened to our federal government quote statistics on inflation, with repeated warnings that Canadians must tighten their belts. We are a nation living in debt and must stop living high-on-the-hog, and start budgeting. And then we listen with amazement while our government states that millions of dollars will be granted to pulp and paper companies to help build up the industry. Who will benefit from this grant, Mr. Prime Minister?

"You state that this will help preserve the industry and create employment. Will we benefit, we who face lifetime debt and multiple layoffs if the owner-operator issue goes through? Are we not also part of the pulp and paper industry as a human resource? Should we not also benefit, since it is our taxpayer dollars that you are so liberally granting to Boise Cascade to upgrade their operation? Then it seems a shame that Boise Cascade sees fit to try to force us into debt to upgrade their poor-managed operation.

"I guess we are back to that old saying 'the rich get richer and the poor get poorer.' We have met with Ministry of Labour and called out to government officials to really see what is happening and speak their minds. Are they afraid to incur the wrath of Boise Cascade? Is this multi-million-dollar corporation more powerful than our government and more important than your people? Are you afraid they may close up operations?

"This area is one of the best pulp and paper areas in the world. We are worth millions to Boise. So fear not, they won't pull out.

"Mr. Bernier, our honourable MPP, where have you been over the past 18 months? Come out, come on; wherever you are. Are we only votes on election day? If this is so, then I guarantee you will have a good deal less votes next election day.

"That Boise is trying to break our union is evident. People may call down unions if they wish, but in this issue we back ours 100 per cent. If not for our union we would be totally at the mercy of companies like Boise Cascade, which care more for profit than its employees. It seems that to this company, which is steadily reaping its wealth from our country, we are nothing more than numbers on the payroll and as dispensable as toilet tissue.

"Most of us were born and raised here and others have moved here by choice, and we will be damned if we will give up our rights to live and work here by a company such as Boise forcing irrational issues upon us. They should be privileged to make the money that they are from our country.

"So to Boise Cascade, primary employer of our region, our only message is that we intend to stay and live in northwestern Ontario by choice, not necessity, to guide it into a better place to live for ourselves and our children. In order to make anything work we all must give and take. We have given a lot to you in the past; now it's time for you to give.

"To all others—our government officials, authorities, labour boards and the media who grumble about the inconvenience of the strike and wonder what we are complaining about—come on down here for a while with us. We guarantee you won't wonder what we are complaining about, you'll know.

"Marlene King, striker, striker's wife at Local 2693."

[12:00]

I don't know what is holding up my colleague, but I want you to know that the litany Mr. Foulds has, as of recent dates, includes the stopping and questioning of teenage and pre-teen children of the strikers in that community. I'm sure you are aware that the Supreme Court of Canada has thrown out the search and the charges against the employees just within the last couple of days. We have heard a litany of activities on the part of one of the branches or arms of this government in this particular strike that just can't be justified. If you think there is a feeling on the part of any of those workers that in spite of the problems that we have in trying to get this issue resolved there is an element of justice in the kind of additional pressure that is applied on them by Boise through the use of the police, then, boy, I have yet to talk to that particular striker.

I just have to underline the concern that has been expressed by my colleague; you are going to have trouble if this spreads to other bush operations in northern Ontario.

Hon. Mr. Elgie: I think I responded in as full a way as I can when I responded to Mr. Wildman. We were faced with the very problem you have referred to in Boise Cascade. There were the situations that were peculiar to Boise Cascade, the long-standing contract, the fact there was not a unanimity

or coalescence of the unions in the community to support the Lumber and Sawmill Workers Union position. But even in the face of that, we felt the recommendations of Mr. Lewis and Mr. Jousse were feasible ones that would have resolved the problem. But what do you do when the parties won't accept it? I can't think of anything else. I have to tell you that in public, but more especially in private, I couldn't have done more as a human being to try to resolve that strike.

Mr. Mackenzie: Let me once again mention to you, Mr. Minister, that there are going to be issues, as I see it now, where the conventional may just not do. You couldn't have told the Inco workers—some tried it, some within their own union—to settle for what was originally put on the table. You are not going to tell the Boise Cascade workers to do away with the contracting-out issue. I didn't see legions of OPP police making sure that point couldn't be carried, and making sure of the possibility of winning the strike could be there on behalf of the Boise Cascade strikers. On the contrary, they have the additional weight of up to almost 200 OPP officers and \$10,500 wage cost per day for those officers, based on the question of mine that was answered in the House the other day. We didn't see that kind of force applied at Inco. They finally came around to it; when there was a decent offer, when the issue, at least to their point of view, was resolved. I think that we have one sort of rule, it would appear, for what happened in terms of the Inco strikers and another rule for what is happening in terms of the strikers at some of these smaller operations.

Hon. Mr. Elgie: Let us also accept the fact that in January we convinced the parties to resolve all of the other issues; they were all resolved except for the one issue of the owner-operator.

Mr. Mackenzie: That is the key issue.

Hon. Mr. Elgie: With a refusal by both parties, in any meaningful way, to put that issue to arbitration, since there appeared to be no other resolution possible.

Mr. Wildman: I'm sure you understand, Mr. Minister—

Hon. Mr. Elgie: I understand what you are saying but I'm just telling you what else is possible.

Mr. Wildman: The problem the workers have is that if there is some kind of arbitrated resolution, or what seems to be a resolution to the owner-operators which allows for the owner-operators to continue, then the union bargaining situation is gone. Once you

have the principle of owner-operators accepted from then on the company is going to be trying to expand the owner-operator approach to the majority of their operations, to the point where everybody who is working for them is going to be an owner-operator or they are not going to be working for them. Then you will see spread all over the north the kind of working conditions those jobbers in the southern part of my riding experience.

I want to leave that. I just want to raise one other issue I have talked to the minister about.

Hon. Mr. Elgie: Just before you do that, could I respond to one other thing mentioned by Mr. Mackenzie? Again, I can't get on one side in discussing this matter. You refer to the police and the strikers. As the Minister of Labour I don't think I can take public positions. The issue of the police is a matter for the Solicitor General (Mr. McMurtry), but in response to the desire of all the unions involved in that strike, and indeed of the Canadian Labour Congress, I did, acting in my role as minister, arrange for all of the unions involved, including the CLC and its representatives, to meet with Mr. McMurtry and the head of the Ontario Provincial Police to discuss these very problems. During the course of it I arranged as well for Mr. Meagher and Mr. Pilkey to meet with the Solicitor General to try to resolve some of the problems. Without commenting on the validity of the claims or counter claims, I was involved in trying to help the parties resolve that issue as well.

Mr. Mackenzie: That is the very point I wanted to respond to—for just a moment before my colleague makes the other point he has. I guess I am single-minded or dense, for your point of view on this particular issue, but I can't for the life of me understand—

Hon. Mr. Elgie: Not dense, never dense.

Mr. Mackenzie: I can't for the life of me understand how we can see the activities that took place—the raids on homes, the seizure of records; all of which has now been thrown out—all directed against the strikers, as anything but gross interference in a labour dispute on the side of management by the police force. How the blazes do you do some of those things—the raids on the homes, the arresting of the workers, the seizure of the records; which have now been declared totally uncalled for by the Supreme Court?

How in blazes do we justify that in terms of this kind of a labour dispute? What kind of bargaining power or strength do those

workers have when they are subjected to this kind of activity? That's the point, that's very clearly the point. I don't see any way on the face of this earth that a Minister of Labour can escape having some concern over that particular issue.

I also have to tell you I sat here and listened to the Solicitor General comment that it was a "crook of nonsense." Well I wonder what he calls the Supreme Court decision that says what they did was wrong.

His actual comment was that the charges were a "crook of nonsense." Let me tell you they are not a crook of nonsense to Marlene King and the people up there who had their homes raided without justification, their children questioned about the activities of the parents, police noting when they left the communities and when they didn't. My God, I don't know what we are coming to in some of these situations.

Hon. Mr. Elgie: The complaints have been registered with the Solicitor General. I have no hesitation at all in agreeing, I have done it in the past, to sit down with him again to review police involvement in strike situations. I see no problem at all in going over again what the appropriate role for police is, but I don't want to get into criticizing them until the facts are all out on the table and until everybody has a chance to be heard. I am quite prepared, and have been in the past as I have indicated to you, to get involved in discussions about what is or is not appropriate.

Mr. McClellan: How are we supposed to deal with the Solicitor General dismissing what is clear evidence as a "crook of nonsense"? Tell us how we are supposed to deal with the situation, or how people in the affected area are supposed to deal with it when confronted with that kind of behavior.

Hon. Mr. Elgie: He believes what he said to be true. Knowing the Solicitor General, I can't believe he would say it unless he thought it was true. If he is in error then I am prepared to review all of it with him, but I have to clearly understand his position. I wasn't privy to the estimates debate you are talking about. I haven't had a chance to read it yet.

Mr. Mackenzie: I think you are well aware of the feelings of the employees involved. I suspect you would have some reservations about this kind of activity, these kind of raids—the entering of homes, seizure of the records, and so on, that went on. Given that, I wonder how one would get, never mind equality because I don't think we can have

that, but at least neutrality in terms of the right to conduct a strike.

Hon. Mr. Elgie: All I can say is I am prepared to review the events that took place with the Solicitor General.

Mr. Wildman: Mr. Chairman, the other matter I wanted to raise is something that I have raised before and talked privately to the minister about as well, the long ongoing dispute between Local 1882 and the children's aid society in Algoma.

Mr. T. P. Reid: Would it be possible to talk about the Boise Cascade strike for a minute longer? Rather than go on to something else?

Mr. Chairman: Sure.

Mr. T. P. Reid: The minister smiles—

Hon. Mr. Elgie: Not because of anything other than we have been discussing it for a considerable length of time. It is a topic that should be discussed as much as anybody wants to but—

Mr. T. P. Reid: I'm sorry I wasn't here for all of it. I wrote the Solicitor General to ask what the guidelines are for the OPP in a strike. Perhaps I should be speaking to the Solicitor General but I think you have some kind of interest in this as well.

I am not entirely happy, and certainly not satisfied, with the response that I got from the minister in regard to just what their function is and how far they are supposed to carry their duties and responsibilities.

For instance, I wonder if it is part of their job to act as guards in sort of a convoy system, in this particular case to be conveying timber trucks down the highway. I wonder if that is suitable.

I think we all appreciate that—

Mr. McClellan: Maybe they have a parade permit; as long as they don't get a liquor permit at the same time.

Mr. T. P. Reid: I appreciate that things get awfully hot during a strike, tempers are frayed and all the rest of it, and the police have a difficult job, but I wonder where the lines cross between keeping the peace as such and acting almost as if they were working for the company. I am not prepared to go that far and say this was exactly the case, but I think everybody should have an understanding of what their function is and what they can do and can't do.

Do you have a concern about that? Are you prepared to speak to the Solicitor General, to at least get an understanding so that all the players in the game at least know what is expected of each group? I think it has to be laid down pretty well just how far the

OPP do go in maintaining peace and order; I am not sure that some of the matters they have been engaged in are really within the purview of doing that.

Hon. Mr. Elgie: I'm not privy to the correspondence you had with the Solicitor General, but I indicated earlier the things that had gone on—meetings arranged between the Solicitor General and the Ontario Federation of Labour; the subsequent meeting of officials of the Canadian Labour of Congress and various union representatives with the Solicitor General and the head of the Ontario Provincial Police to try and resolve some of these matters.

I indicated I am quite prepared to review what has taken place and see if the guidelines that exist are adequate in outlining the overall general role of the police, which is keeping the peace.

Mr. T. P. Reid: I appreciate the fact that you are prepared to review it, presumably with the Solicitor General.

Hon. Mr. Elgie: I don't think I can go beyond that in dealing with a ministry that is not mine, in terms of reviewing what happened and again in the light of the role of police in all situations.

Mr. T. P. Reid: Yes, that's what I would like to see, some general guidelines. I think they should be made known to the Legislature, unions and companies, so that everybody knows what they are; and if there is some cross-over, or someone has a particular problem, then at least we will know what the guidelines were and be able to assess it from there. Right now there seem to be, in some cases, very blurred lines of responsibility. I think the unions sometimes have a point in saying the OPP go too far in this regard.

Mr. Wildman: The other dispute I'm concerned about—and I know the minister is concerned, and I think his colleague, the Minister of Community and Social Services (Mr. Norton) is as well—involves a matter that is in its fifth month.

I know the minister has made mediation efforts in the past. I understand there is an attempt to bring the two sides together today in Sault Ste. Marie and I hope that those efforts are going to be successful. We are at serious risk, as the minister knows, because of the nature of the work in which the employees are involved.

[12:15]

I have had a number of letters from foster parents in my area. There is one in particular in which the foster parent indicated that she and her husband had had a foster child in their home for over a year.

The child had a number of problems, but seemed to be responding well until about August. From August onward, although she had made a number of calls to the agency they didn't see a social worker.

It got to the point where the child got into some trouble. At that stage a social worker did arrive, one of the workers from outside the area who had been brought in by the ministry. I am told by the foster parent that without any discussion with them the worker came in and took the girl, who is about 17 I believe, to a detention home that is usually used for delinquents.

When they were told, the foster parents raised objections to this. They phoned the agency, at which time they were told they didn't have the staff or the time to do what the foster mother wanted, which was to have ongoing counselling in the home. She didn't want to give up the child; there was no legal reason why the child should have been placed in a detention home; when I said the child got into trouble it wasn't trouble with the law. Apparently she was being placed in a detention home because they just didn't have any other facilities or staff to look after her. She was in the detention home for about eight days.

That is just one example from a foster parent. The thrust of her letter was we should quit bringing in these outside people who obviously can't do the job. I don't think she meant they are not competent, but they don't have the time to do the job. She felt we should get the people who could be doing the job back on the job by settling the dispute.

I phoned this foster parent and discussed the matter. She wasn't suggesting any kind of compulsory move back to work but a resolution of the dispute. She understands that one of the main issues in the dispute is work load. I think most of the foster parents, a couple of whom have also written to Mr. Norton, indicated they agree with the strikers that they can't do an adequate job because of the work load they are faced with.

Having said that, I also want to point to a couple of other things that have happened because of the tremendous pressures on the management staff who are trying to carry out the work during the strike. As the minister may know, two of the management people, one of whom is very well known, have resigned. As a matter of fact he was one of the main people involved in drawing up the new Child Welfare Act for the ministry. He has a tremendous reputation throughout North America, actually internationally. He

has given papers in England, I understand, as well. He has resigned simply because of the pressures on him, personally and professionally, including a concern that he might indeed find himself before a court because he hadn't fulfilled the responsibilities incumbent upon him under the law if there were a serious disaster. Telegrams that have been sent to the minister by that individual and his superior, the executive director, stated that despite Mr. Norton's position, even with the outside workers his ministry has been training and encouraging to go in there, they are not meeting their obligations even in terms of minimal emergency care. So despite Mr. Norton's position that it is being done, that's not the position that is taken by the local management and the professional social workers. The only way we are going to get even a minimum amount of care is if we have a resolution of the dispute and get the people back on the job. These are people who could be doing a great job, but frankly right now they are bored to death. One of them as a matter of fact is working in my constituency office on a volunteer basis because she doesn't have anything else to do.

Hon. Mr. Elgie: She's still bored.

Mr. Wildman: She was bored so she decided to come and work in my constituency office.

Hon. Mr. Elgie: Is she still bored, that's the key; is she still bored?

Mr. T. P. Reid: Probably reading your speeches.

Mr. Wildman: I want to emphasize my concern. I want to again say I hope the efforts you're making today are successful. Although I haven't seen the figures directly, the information I have is that unless you or somebody in your cabinet can persuade your colleague to loosen up more funds it's going to be very difficult to bring about a resolution in that dispute. I think it would be very cynical of the government to say through the Ministry of Community and Social Services that it is not going to interfere directly in this dispute, that it's going to remain separate from it except for trying to maintain emergency care and it's not going to talk about funding the amount of money needed so that an amicable resolution is possible; and then at some future time to say because of the serious situation we have in terms of service, we're going to have to bring in some legislation to compel these people back to work. It would seem to me to be a tremendously cynical approach to say, on the one hand, we are not going to interfere to

help bring about an amicable settlement and make more money available, and then eventually come along and say we're going to have to order compulsory arbitration or something like that.

I hope the efforts today will be successful, but if they are not there's going to have to be a move on the part of the government to not only respond to the needs of the Algoma Children's Aid Society but the other CASs across the province which have indicated they don't have enough funding.

Hon. Mr. Elgie: As you mentioned, mediation efforts have resumed today. I should also refer to the fact that about four or five weeks ago there was a pretty prolonged mediation effort over three or four days, with some changes in the offer which resulted in a memorandum of agreement that wasn't ratified. The vote was 11 to nine, with six people either not interested or not available to come and vote, I don't know which. We are trying again, but those were the facts with regard to the previous memorandum of agreement that was not ratified.

Mr. Wildman: I was in contact with both sides prior to and during that mediation effort. As a matter of fact I talked to Mr. Pathe and indicated to him that from my understanding of the dispute I wouldn't be surprised if there was not settlement at the time. I'm sorry to say that it appears I was right. He thought I was being too pessimistic.

In reaction to the statement of the vote, I am not aware of that figure and I don't dispute it, but I just want to emphasize to the minister that subsequent to that vote there was a benefit for the strikers at which all members of the unit were present as well as a large number of unionists from other unions who are members of the local labour council. I will say that on that evening there was, apparent to me at least, enthusiastic unanimity from the unit in support of their executive and their negotiating committee in the decision for continuation of the strike as a result of that vote.

Mr. Chairman: We're finishing at 12:30, are we?

Mr. Van Horne: Let me just initiate a couple of thoughts. In the leadoff, Mr. Minister, we touched a couple of points on conciliation and compulsory arbitration; to the best of my knowledge you answered the points that we raised in your reply.

I'd like to spend just a moment on this Quality of Working Life Centre and ask if perhaps you could be a little more specific,

or if Mr. Pathe could give us some elaboration on this consultation process. Our notes tell us the staff of this centre meet daily with many different kinds of organizations, et cetera. There's not very much detail in that comment; I'm wondering if that could be elaborated and if you have anything more definitive than that simple statement.

Hon. Mr. Elgie: Yes; we have very good brochures and booklets on it which I can supply to each of you. The deputy minister has been intimately involved with this since its inception, via the advisory committee on it, in 1977. Maybe I could ask him to comment.

Mr. Armstrong: Yes. Dr. Van Beinum, who is the director of the program, would have been here this morning but there has been an illness in his family. He's at the hospital right now.

As to the consultations, they are averaging about 20 a day; that is to say people are calling the centre and asking for some assistance and guidance as to what the program is about. That is up considerably since last year.

One of the most encouraging activities among others being undertaken by the centre—and the other activities include general education, dissemination of information and some research activities—is the development of field projects. I think the advisory committee is right when it takes the position that the quality of working life as a theoretical concept is fine but it will only prove its worth if we are able to move it into the community and see it in operation. There are now underway active discussions with 12 companies or their unions which have shown interest in establishing field projects. The only reason I don't name those companies or their unions is because the discussions at the moment are at the preliminary stages. Some are further along than others but I think both sides are right in wishing not to blow the trumpet about success at a premature stage.

The target that Dr. Van Beinum has set for the centre is to have at least six of those projects well underway and in a position where we can start to talk about them before the end of the fiscal year.

Mr. Van Horne: Is this the proper place to ask involvement of the ministry with either union or management people who are concerned about the effects of alcoholism in the work force? Does that come under this heading or is that more properly discussed in another area?

Mr. Armstrong: I think, again without knowing the precise contours of each of these target projects, one of the beneficial spinoffs of a quality of working life project would be to take care of problems of absenteeism, including those that result from problems with alcohol, drugs and so on. I'm sure that's part of the objective of the wide-ranging quality of working life thrust.

Mr. Van Horne: If I can go back over that one more time, is there no other part of your ministry that is involved with that problem?

Mr. Armstrong: No. To my knowledge, Mr. Van Horne, this would be the area in which that kind of problem would be attacked.

Mr. Van Horne: I see it is closing time, 12:30; I would like to go back to that point, if I could, when we meet again, Mr. Chairman.

Mr. McClellan: Before we move to occupational health I had wanted to ask the ministry if they could give me the same kind of breakdown on construction accident fatalities that we have for industrial; actually, I guess we don't really have that for industrial fatalities either. I had a list of questions: name, location of accident, date, company, cause of accident, violation of act if any, and penalty imposed; for each of the 37 fatalities shown in the 1978-79 report. I wonder if, before we get to that section, the ministry could pull that together and make it available.

Mr. Chairman: The meeting will adjourn, to meet again at eight o'clock tomorrow evening on these estimates; but we also have a meeting of the committee at seven o'clock in order to review the Ontario Highway Transport Board report before it is taken to the House.

The committee adjourned at 12:31 p.m.

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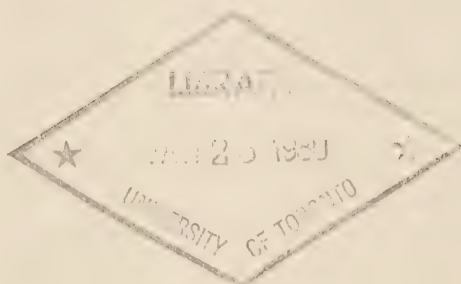
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Legislature of Ontario Debates

Official Report (Hansard)

Resources Development Committee

Estimates, Ministry of Labour



Third Session, 31st Parliament

Thursday, December 13, 1979

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

THURSDAY, DECEMBER 13, 1979

The committee met at 8:09 p.m. in committee room 1.

ESTIMATES, MINISTRY OF LABOUR (continued)

On vote 2402, industrial relations program; item 1, program administration, and item 2, conciliation and mediation services:

Mr. Mackenzie: Mr. Chairman, under this vote, I would like to engage in just a few minutes of discussion with the minister about the crux of a lot of our arguments for the past period of time; that is, the labour disputes we are having that centre around the union security and first-contract situation.

I would like to have some indication from the minister of his response to the kind of comments we are getting from Mr. Colella in particular, at Radio Shack, who is thumbing his nose, if you like, once again at the board. It is certainly an insult to the workers to equate the positions that were taken there with the need for a stable labour climate and, as I see it, what amounts to a virtual plea, in terms of the decision, for some kind of authority to deal with such conflicts and first-agreement recognition. I would be interested in the reasoning behind what I sense to be the minister's refusal to take a serious look at this particular matter at this time.

Hon. Mr. Elgie: We have discussed this on several occasions, including a year ago, at which time I expressed serious doubts as to whether the jury was really in on the effectiveness of the first-contract compulsory arbitration, and whether we do find that contracts negotiated independently are those most likely to succeed.

I asked one of my staff to dig up the figures from the British Columbia experience. You know, as I do, that in 1976 they introduced legislation with regard to compulsory arbitration. Since 1976 there have been 60 requests made to have the provision enforced. Agreements were imposed on nine occasions; in five of those the union was subsequently decertified, and in one case they were never able to renew an agreement. I don't know if that means it is a useful tool or not. At least it has to say that imposed agreements, in two thirds of the situations

where they had been imposed, have resulted in either decertification or failure to reach a second agreement.

Mr. Mackenzie: I am sure the minister is aware as I am of Mr. Weiler's defence of the legislation and counterarguments. Be that as it may, you have now been asked for a position in the strongest possible terms. I suspect over the next couple of weeks you are going to be approached again by a pretty united labour movement on this particular issue.

I have difficulty understanding comments on the decision that was handed down on Radio Shack. I know the arguments that you yourself made a number of days ago when I raised this. There were some people, including some in my own union, who thought the board had the jurisdiction to order a first agreement. If I am reading this correctly, it would seem to say: "After careful reflection, the board remains of the view that it lacks jurisdiction to grant the requested relief. It is tempting for the board to approach its remedial powers in the suggested manner, particularly where it believes its directives are being flouted or treated as a licence fee for continued violations."

I haven't heard much argument against the kind of activities that have been carried on there. I have personally seen some of them. One of them, which didn't enter into the case, is the kind of intimidation I pointed out to you, which was one particular leaflet that was flung down in front of some of the picketers. They go on to say, "If the statute as currently drafted is inadequate to get at the roots of the first-agreement recognition conflict, it is as much a function of this board's expertise to point this problem out as it is to elaborate properly the general language used."

A little further along, the board has tried to elaborate the statute to give ongoing life and meaning to the Legislature's intent. There comes a point when the legislation ends and the board can go no further. Others may put a different interpretation on it, but I know the interpretation being put on it by those who are directly involved in the labour movement is that not only has the fact been upheld that it was just a rotten, son-of-a-

bitch attack on the trade union movement there by the people in that particular plant, but also the charges that have been laid have been totally upheld.
[8:15]

We find that we can go no further, even though we think the law has been flouted. We now have that decision down. We have, as I understand it, a court hearing set for January 29. The union has agreed to that. They made it very clear to me that they had no bloody alternative, or they would have been waiting until some time in the spring or summer. These things take that long. We have the vice-president of this particular company not only going around criticizing the government, which I find a little bit interesting, I say to the Premier and to the Conservative MPPs, but also saying the board decision was unfair, the remedies were unjust and it was time for the government to realize that a stable labour climate is necessary for the growth of the Canadian economy and for business.

I don't know whether the kind of a labour climate we want or need is the kind we have seen in the activities that have gone on at Radio Shack or a couple of other firms. As a matter of fact, I don't know whether Mr. Colella is a Canadian or an American, but he can take his bloody business out of this country, and the faster the better if those are the kind of activities they are going to carry on, in terms of working with the workers.

What has happened, unfortunately, is we have got, first off, another couple of months, at the worst time of year; that will involve a fair amount of trouble and expense. I don't think the expense is bothering the union in a case like this since it is now a pretty basic principle at stake.

You are sure as hell putting the people who are on that picket line under fire for a longer period of time. They have had enough nonsense thrown at them up to date. You are giving that much more time to harden their attitudes and to allow the company to harden the attitudes of the people who are inside that plant.

In effect, what you are doing is saying that a decision of the board, no matter how good or how tough, is not worth the powder to blow it to hell in this province if we don't have some kind of remedial or backup legislation, such as first-agreement legislation.

As I see it, that is exactly what we are saying in a situation like this. We may very well be sentencing those people who have had the guts to fight for their supposed

rights in Ontario, as much as they have up until now.

What I am afraid we are doing is exactly what I tried to say in some of the opening statements. We are making a mockery of the labour laws in this province, unless we have something more than just a tough court hearing which we were all told to wait for, to see what they are going to do with it.

They came down as tough as I can remember but, as I say, it is probably not worth one hell of a lot. It is not a desire to be particularly nasty. It is a frustration that I know is pretty damned general today.

I wonder whether there is some reason that this is not being looked at seriously, because you know yourself the number of disputes we are involved with and, quite frankly, the number of SOBs we are running into with some of the firms today.

Why are we not taking a look at the possible use of legislation in terms of first-agreements, when you run into this nasty kind of situation, to try to see if we can't take some of the heat out of some of the disputes and some of the labour relations situations in the province?

I don't think there is a more obvious or clear-cut case than we have right here. Not only has there been bad-faith bargaining and malicious, totally uncalled-for treatment of workers—a thumbing of the nose at the labour law of the province—but also, when we finally get the court decisions on it, we are going to drag it out for months with hearings. We are not sure it is going to be worth a tinker's dam when we are finished with it.

I don't know how you can put it any straighter, and that is really why I am wondering if there is not some way this ministry can take a serious look at this and give us a better answer in a hurry if they have got it, if not, certainly take a look at what we are asking for, which is first-agreement legislation.

Mr. Di Santo: I would like to raise another case, which perhaps illustrates very well what my colleague is saying, and that is the strike at Polybottle. In that case, as the minister knows, we had workers in a plant, all of them immigrants and not at all familiar with the legislation of Ontario. They had certification and they went to bargaining the first contract.

After a long strike, the company managed to turn around the legislation, and in fact the owners of the company have two other plants under different names and different companies in Ontario. They kept working in these two plants, and the workers at Poly-

bottle were kept on strike and intimidated also on occasion by the police. I was there on three occasions. The attitude of the police was not that of an impartial enforcer of the law. They were there to intimidate and to tell the workers what they could do and what they could not do. It was a very bad situation and eventually the strike was lost.

All those people lost not only the strike, but also their jobs. As Minister of Labour, you should realize what harm has been done to those people. In good faith and respecting the law of the land, those people thought they had the right to organize first and then to enter a contract with the company.

The company used means that are unacceptable to any civilized society. They managed not only to squeeze the strike, but also to throw the workers out of their jobs because they said they didn't want them any longer.

I cannot understand why your government is so obstinate in refusing the first contract when we know that the consequences created in our society are so devastating. What remedial action can the government take to repay these workers the damages that the law has allowed to happen? There is no guarantee right now that these workers can be protected in any matter.

There are many other jurisdictions where they have a first contract imposed when the two parties are not able to reach an agreement. What do you have against imposing the first contract when you think that is the only means to reach a settlement of some kind? This would allow the two parties to be on a better footing the next time around when the workers realize what they can have, and the employers realize that they cannot keep exploiting cheap labour forever, but that in a modern industrial country they have to give up some of their privileges.

Hon. Mr. Elgie: First of all, I would like to reply to some of the things Bob Mackenzie raised.

I can't comment on the propriety of the vice-president of Radio Shack making the kind of comments he did. Certainly I don't intend to get into the world that he has chosen to get into.

The Radio Shack decision, which as you know was considered to be a landmark decision, has been appealed. I don't intend to get into any discussions about the judgement or the dissents from it, all of which you are well aware of.

It has been expedited in terms of the Supreme Court appeal, as you mentioned, on January 29. I think it would be not only inap-

propriate, but also absolutely out of order for me to get into commenting on that.

Mr. McClellan: Can I stop you there? What happens in the process now? We have a decision, which will now go through the courts. It may or may not be improper for you to comment on the thing while it is sub judice. I respect your decision, but the question is, even after it has gone through the Supreme Court, so what?

In terms of the dispute, in terms of the fact that the company has stonewalled and used all of the devices that we are aware of against the workers, even after it goes to the courts, it does no good to the folks who are struggling to get a collective agreement.

Hon. Mr. Elgie: With the greatest of respect, the common law in the British Commonwealth is based on cases, on precedents. Radio Shack set some precedents and laid down some rules with regard to good-faith and bad-faith bargaining. That is the essence of what we are discussing here. That is the essence of what is being appealed, including two dissents, one saying there was the right in the act to impose a contract, and one saying there was no bad-faith bargaining. Those are the very issues before the courts. I don't propose to get into commenting on them, nor should I.

Mr. McClellan: The point I am trying to make is that it is not going to do the workers much good, by the time the court process has been gone through.

Hon. Mr. Elgie: That's the process of justice.

Mr. McClellan: The next time it happens it will be decided on a case basis again. No?

Hon. Mr. Elgie: No. Common law, depending on what happens to it, is based upon precedent; that is just a fact of life. Our common law is not the Quebec Civil Code or the French Code Napoleon. Our common law is that of the British Commonwealth. That has been our tradition. If we don't like it, we should say so as an electorate, but that is the way it is in this province.

I happen to think it is a good way that has proven itself over the years to give us a very valid set of rules upon which to survive.

Old Justice Riddell used to say that the only time the common law didn't make sense was when Parliament intervened. Whether he was right or wrong, that was his view as an imminent jurist.

Mr. Mackenzie: I hope my feelings are not too widely shared, but my confidence in the judicial system in Ontario has been shaken by a number of things over the last

two or three years and I am beginning to wonder whether we have quite the system of justice we think we have in this province.

The point I wanted to get at again—and I realize it is tied in so closely it is difficult to deal with—is that the stable labour climate referred to here is obvious to all but those that just won't see. The kind of statements made here can do nothing but fuel the problems we have.

What I am wondering is, as I asked you a number of days ago, at what stage in the game does the Minister of Labour say to somebody like Colella: "You just don't go around kicking the workers in the guts the way you do. You don't go around making these kind of statements. Take it to court if you want but you have been nailed. Get yourself unnailed, if you have to, in the courts."

Those very statements are adding to what we are talking about, the kind of unease, uncertainty, disbelief, distrust and the whole process.

Hon. Mr. Elgie: I would like to believe that the Radio Shacks of this world are not the typical example of labour negotiations in this province. I maintain they aren't. But I am not going to get into any discussion about the appropriateness of the decision, because it is under appeal.

That is the way we adjudicate on matters like that and offer a remedy.

Mr. Mackenzie: To switch to another firm for a moment, the Blue Cross situation, your ministry is undoubtedly aware of George Ubels' memo to the employees, setting out the new biweekly salary ranges. I am just wondering whether that is considered proper in the middle of the kind of dispute we have currently at Blue Cross.

Hon. Mr. Elgie: Your colleague brought that up in the House, and I asked that it be reviewed. Have you had a chance to look into that?

Mr. Armstrong: I haven't seen the letter to which Mr. Mackenzie refers. I have heard about it, but I haven't seen it.

Mr. Mackenzie, I am sure you are aware of the difficult position of the ministry in commenting on not only cases that are before the courts, but also cases that are still in negotiation. Speaking for the ministry staff, the task of the ministry staff is to attempt to assist the parties to achieve collective agreements. Tempting though it might be, we don't have the luxury, as some do, of making comments one way or the other on conduct. That impairs the capacity of the conciliation and mediation branch and others

to assist in the ultimate goal, which is to achieve a collective agreement.

[8:30]

In so far as there may be any allegations of impropriety or improper conduct, the way our labour laws are drafted—and this is true of virtually every jurisdiction in North America—allegations of that sort are dealt with by a quasijudicial tribunal of the Ontario Labour Relations Board. It's sometimes not easy. It's very difficult for us to be asked to comment on allegations about an active case.

Mr. Mackenzie: I can't distinguish it from, for example, page 31 of your explanatory material, where the program objectives on vote 2402, industrial relations program item 1, program administration, state: "The industrial relations division's role is to improve harmonious relations between employers and employees by encouraging the practice and procedure of collective bargaining between the two parties." I give that a little broader interpretation than you seem to. It seems to me the things we're talking about are what are leading up to the breakdowns in harmony and trust in any effective collective bargaining.

The kind of letter that goes out to the Blue Cross workers may be within the law, but it certainly is a thumbing of the nose at the efforts of the union to negotiate a contract there. How long do we put up with this case after case in the difficult cases we're having right now? It's hit at from many different ways, the unevenness or unfairness I've been talking about of the feeling between unions and companies.

Let me give you a little different example. You may be aware of a letter sent to the police commission—not to you people—outlining some of their problems by counsel for the United Food and Commercial Workers Union.

"We are the solicitors for the United Food and Commercial Workers Union whose members are currently engaged in a lawful strike at Wilson Automotive in Belleville, one of our other disputes. In pursuance of this strike three employees of Wilson Automotive have engaged in peaceful picketing outside the premises of a customer of their employer. For this they were charged under section 381(1)(f) of the code."

I understand your difficulty dealing with this, but let me finish the letter, because it deals with the broader issue.

"There were no threats, no violence or threats or any suggestion of violence or threats in the incident; nor was there any danger of damage to property or injury to persons or

interference with people or vehicles entering or leaving the premises. The important feature, therefore, of this incident is that it was perfectly peaceful. I have conferred with the police officers of Belleville city police and with Mr. Glen Deline, the crown attorney at Belleville, and have learned that they intend to continue to prosecute on every occasion where one or two employees picket the premises of a customer of their employer."

There's no question; it's an automatic, blanket statement: "We're going to throw you in the hoosegow if we can."

"I can see that there is today a legitimate dispute as to whether peaceful secondary picketing is a civil wrong but clearly, in face of section 381(2) of the code, it cannot reasonably be said that secondary picketing is a criminal offence. Indeed, if the civil rights of our clients are disputed in this area, then surely this dispute must be dealt with in the normal civil process and not by the police under the guise of enforcing the criminal law.

"The position taken by the Belleville city police therefore is an apparent and highly unusual interference in a civil matter that is, in fact, a labour dispute. Our clients, of course, accept and respect the obligation of the police to deal with criminal offences, but as citizens they must object to the use of police powers to assist an employer in a labour dispute which is a civil matter. The unusual interference in civil affairs by the city police is made all the more difficult to accept by that force's refusal to respond to incidents of criminal behaviour directed against the picketing employees. One example of this is the egg-throwing incident occurring on October 30. The persons seen throwing the eggs at the picketers were identified by them and the police informed, and the police have declined to take any action whatsoever.

"The second example relates to serious threats of personal harm and damage to the property of one of the picketers by a known supporter of his employer. This incident was also brought to the attention of the city police which again refused to deal with the matter."

It goes on with a little more detail. It's something like the problems we were having with the Radio Shack case in trying to bring charges through some of the local justices of the peace in terms of some of the activities against the picketers.

In all these incidences—and we can go into more of them I have here—where do we find any evidence that the employees, other than being able to win strictly based on the letter of the law or previous decisions, are getting any kind of fair shake in the problems we're

having today in labour disputes in the province?

Hon. Mr. Elgie: If anyone else has any comments to make, I'll be interested to hear them, but I find it hard to put myself in the position of commenting about prosecutions under the Criminal Code for secondary picketing. There's been no dearth of charges under the Criminal Code; indeed, there are two or three cases pending now, as you know, for agent provocateur activity, conspiring to defeat the purposes of the Labour Relations Act, against employers.

I'm not prepared to get into commenting on the appropriateness of the charges that have been laid on either side. That's a position you seem to have trouble accepting. That's an issue that's before the courts to decide.

Mr. Mackenzie: We're forever and a day before the courts, and almost invariably the people left out in the cold are the workers.

Hon. Mr. Elgie: I don't say that defensively. I say that is the way of the judicial process in this society—a process that, to my mind, seems to have been a satisfactory one.

Mr. Mackenzie: Let me give you another example that deals with the Art Gallery of Ontario—

Hon. Mr. Elgie: There's a watching and besetting section in the Criminal Code too.

Mr. Mackenzie: Let's deal with the Art Gallery of Ontario. I'll read you the covering letter, because I found it rather fascinating:

"I recently wrote the the director of the AGO about the fact that the gallery had been found guilty of unfair labour practices. I wrote as an individual member of the gallery, identifying myself as a trade unionist. I was astonished to get the attached reply, in which Withrow falls back on a totally specious distinction between the gallery and its staff, a distinction which I believe even Radio Shack has not tried to make. His letter fails to disavow the actions of these people or even to express regret at what they did. Since none of his memos was written since the OLRB decision they can hardly constitute the requested explanation."

The reply reads:

"Dear Mr. So-and-so:

"Thank you for your letter of November 30, 1979. It is true that certain isolated actions by certain members of the gallery staff have been found in violation of the labour relations law in connection with the organization of a union. It is not true that the gallery has been found guilty. I enclose for your information copies of memos which have been

sent out by my office on this subject which I think will effectively outline the gallery's position on this matter.

"Thank you for your expression of concern."

Some of the memos are eye-openers when you go over them. Was it the gallery or wasn't it? Was it just some individual in the gallery who was found guilty of the violations? Once again, there were found activities that shouldn't have been carried out against workers' attempts to organize and achieve an agreement?

Hon. Mr. Elgie: To the best of my knowledge, the respondent was the art gallery.

Mr. Mackenzie: It's very interesting. You see the kind of double-dealing and double-talk we're now getting.

Hon. Mr. Elgie: You aren't getting that from me. I'm telling you that the respondent in that case was the art gallery. If someone chooses to interpret that in a different way, they'll have to justify it. The Ontario Labour Relations Board has remained seized of that case so that it may hear discussions from both parties as to remedies.

Mr. Mackenzie: This is a letter dated December 5, 1979, from Mr. W. J. Withrow, who I believe has the office of the director of the art gallery. I'll read you the exact letter: "It is not true that the gallery has been found guilty."

Hon. Mr. Elgie: Read that again.

Mr. Mackenzie: "Thank you for your letter of November 30."

Hon. Mr. Elgie: This is to whom from whom?

Mr. Mackenzie: I haven't given the person's name who wrote the letter. This is from Mr. Withrow, the office of the director of the art gallery.

"Dear Mr. So-and-so:

"Thank you for your letter of November 30, 1979." I'll give it to you with the name blocked out, unless I can get his permission, which I probably can.

Hon. Mr. Elgie: I don't want the name.

Mr. Mackenzie: "It is true that certain isolated actions by certain members of the gallery staff have been found in violation of the labour relations law in connection with the organization of a union. It is not true that the gallery has been found guilty." My God, how do you separate yourself? That's the director, and I understand they're the people who have been charged.

Hon. Mr. Elgie: I have the judgement here, and the respondent is the Art Gallery of On-

tario. I don't want to comment on any argument they may choose to make, but they're still the respondent in the case.

Mr. Mackenzie: Some of the memos signed by this same person to all staff are very interesting to go over. If ever there was a case where there is probably even more than we've had in court in terms of deliberate attempts to undermine the workers' right to organize, it's in this particular case. Once again, I can tell you they're not out of the picture there at all, but there are some very cynical people.

I want to deal briefly and finally with a number of other cases, Mr. Chairman. In the case of Canadian Gypsum, my concern has been the attitude of the company, which chooses not to agree to meetings or to bargain. The fact is, that one is down the drain. I don't suppose I am being accurate or too kind in saying that they may be gloating over what happened. I can tell you there are an awful lot of bitter people involved.

I'm wondering how many times you have to organize a plant like that in the face of what went on there and to have this outfit as well, in my opinion—although there may be others that would interpret it differently—thumb its nose at attempts to negotiate even on the part of the ministry to get a contract negotiated in that case.

Hon. Mr. Elgie: I would ask Mr. Pathe to review the bargaining as it went on in Canadian Gypsum.

Mr. Pathe: There was bargaining prior to and in conciliation. Harvey Landon-Ladd was the first mediator appointed. He's one of our freelance mediators. Then the file was transferred to Jack Speranzini, who maintained contact. According to my notes, there were mediation meetings following the commencement of the strike. The major issue, of course, was union security.

Hon. Mr. Elgie: Were there any charges before the labour relations board?

Mr. Pathe: I'm not aware that there were any charges of any type on that one.

Mr. Mackenzie: One of the problems with that one, as I'm sure some of your people are aware, is that on occasion there is frustration about the difficulty in making some of the charges stick; sometimes it's felt that probably we should try to handle it ourselves, which is not always the best way to do it in terms of a nasty situation.

Let me tell you, there were threats and intimidation. I don't doubt for a minute that in response some of it may have come on both sides almost daily during the course of that. I find it very difficult, given the past history

of that outfit, to believe that the ministry wouldn't have been pretty well aware of what was going on in the case of Canadian Gypsum.

I'm not sure if I'm under the right vote, but I think I am, to ask you for just a brief comment on the issue that Homer Seguin has raised with you a number of times about the blacklisting of miners at Elliot Lake. In effect, your response seems to be that it's strictly a federal matter. Is that the extent of our concern with what the union sees to be a number of cases that have been raised of blacklisting of miners?

Hon. Mr. Elgie: The Ontario Human Rights Commission looked into it in an informal way, but I think there's no doubt that it comes under the federal Human Rights Commission.

Mr. Mackenzie: When you say "an informal way," have you any idea to what extent they looked into the charges?

Hon. Mr. Elgie: I can't tell you exactly.

Mr. McClellan: Was it referred to the federal Human Rights Commission?

Hon. Mr. Elgie: I responded, indicating that was where it should be taken.

Mr. Mackenzie: You didn't respond, as I recall, to my request to you for some indication as to whether the issue of first agreements is under any consideration at all or is now officially and totally dead in the ministry.

[8:45]

Hon. Mr. Elgie: I thought I responded pretty fully to that earlier tonight. It's our feeling that the issue of compulsory first-contract arbitration is certainly one that's not clear to us. It's an intrusion in the bargaining process which we all agree basically is best left to the parties. It's a useful one. I outlined the situation in British Columbia where of 60 requests, only nine agreements were imposed, and in two thirds of those, the union was either decertified or there was never a second agreement reached. That hardly seems like a good record to me.

All I'm saying is I have serious doubts as to the effectiveness of it, having in mind that neither of us likes to get into the business of interfering in the collective bargaining process to that extent.

Mr. Mackenzie: Have you any means of measuring the extent to which the threat of that agreement has produced first agreements? That was part of the argument.

Hon. Mr. Elgie: I'll ask the deputy.

Mr. Armstrong: That's the main thrust of Professor Weiler's argument. The deterrent effect of having the opportunity to have first

agreement imposed, he argues, is the most beneficial attribute to first-contract arbitration.

If anybody could do it, I think Professor Weiler with his ingenuity and his talent could do it. I don't know how you'd ever measure that. It's a very subjective thing. To what extent would the parties on the other side be deterred from bad-faith bargaining knowing that the tribunal had the power to impose an agreement if they were derelict in their duty under the statute?

I understand that argument and it has some logical force to it. How you would measure the effect of it is very problematic and difficult.

Mr. Mackenzie: I have nothing else at the moment, Mr. Chairman.

Mr. Van Horne: Mr. Chairman, I'm not sure I know where to put the issue I have for concern in terms of our voting and items listed. I would like to talk for a moment about the agreements between bargaining units and their employers. I'm wondering if that would properly come under vote 2402 or 2408. I would ask your direction on that.

Mr. Chairman: I would think it would be under the labour relations board program.

Hon. Mr. Elgie: What was the question you wanted to ask?

Mr. Van Horne: I have a concern about such things as the United Auto Workers and what has happened with their negotiations with the Ford Motor Company and the coverage of their health program being switched from Blue Cross to another carrier agency.

Hon. Mr. Elgie: That would be under this, Mr. Chairman.

Mr. Van Horne: I thought it might be, but I wanted your clarification on that. If I might, I would like to address myself to this question, because in our opening comments we did make some reference to vote 2402 and the number of situations involving first agreements that could be described as contentious and boards of conciliation. You had indicated, Mr. Minister, the problem was there weren't enough references to that. That is, both parties simply did not seem to want to go that route. You did answer the question in our opening comments. I would, however, like to swing to what has happened this fall and get your reaction to it.

This is not so much in the form of provocation and an inquisition, but rather to draw out your reflection on this. Certainly it will provoke a reaction from the members of the New Democratic Party to what happened with the United Auto Workers and their determination that the health coverage for

their union members should be part of the bargaining process, and I am going to switch from my words to the words of the media, to direct their attack on an organization such as Blue Cross. Let me read for a moment or two from a couple of press clippings.

"The limits of collective bargaining continue to stretch. The United Auto Workers' new contracts with Ford Motor and General Motors in Canada have extended the union's economic clout in a way that the rest of the labour movement would no doubt wish to emulate. The UAW succeeded in having the companies switch health plan coverage from Blue Cross to another insurer as a means of penalizing Blue Cross, where clerical employees represented by the UAW are on strike for a first contract. The switch could cost Blue Cross more than \$24 million."

That is one item from the London Free Press of November 1, 1979. Another, just reading a couple of lines from it:

"GM's endorsement MO for UAW and OHIP battle. General Motors of Canada and the United Auto Workers have agreed to jointly lobby the federal and Ontario governments over doctors quitting the state medicare program. This is a development which concerns the Ontario Medical Association."

Another article from October, again from the paper in the community from which I come:

"United Auto Workers said Wednesday it has persuaded Ford Motor of Canada to transfer health coverage for its 15,000 Ontario employees from Blue Cross to other health insurers."

Enough said. There is enough in those three articles, from which I have read just brief parts, to indicate that the media are aware of the influence that organized labour is bringing on management to accommodate its employees and the bargaining process to bring pressure on other employers or to other agencies.

I would like to ask what there is in the legislation in Ontario that gives some kind of consideration to the employer so involved? Is there anything that Blue Cross can come back to, as a form of resource, and say, "This is not right," or is there nothing for them to draw on except the general provisions we have in being citizens and employers in Ontario?

Beyond that, I would like to ask a further question: What does the government perceive to be the determination of organized labour, if it is a determination of the government that labour is organized, to bring employers into a compromising position? I am not saying that in a sense or in a form

critical of organized labour, because I appreciate the concerns it has in trying to bargain for and accommodate its membership. Once you are in a labour movement and you are there as a member of the executive or the bargaining body, you are obliged to do what you can for your membership.

I am asking, again, what provision is there for the other side, for the management side? On the other side of the coin, what other evidence is there of organized labour doing this kind of thing or taking this kind of action to accommodate its membership? As we head into the 1980s with inflation, a variety of other problems facing us as a community, as a province, we have at least to be open with ourselves to find out who is doing what and what the rules are. We have to determine what the game plan is or, if not the game plan, the rules of the game under which we are playing. I think this is important to all of us. I am not trying to condemn the labour movement or organized labour on one side. Neither am I trying to accommodate the legislation or, for that matter, management on the other side. I am simply asking where we are going with this type of thing that has happened in this past year.

Hon. Mr. Elgie: If I interpret correctly what you are saying, what you really mean is, was there any impropriety, in the case of UAW, in the fact that they have chosen as part of their bargaining—

Mr. Van Horne: Impropriety may not be the right word.

Hon. Mr. Elgie: I didn't say illegal; I just said impropriety.

Mr. Mackenzie: We are in a free enterprise society; so you can sign whatever contracts you want to sign.

Mr. Van Horne: But, again, I am not trying to condemn or defend one side or the other. However, I think it is time that we put the cards on the table and ask, on one hand, is this accommodated within what we have in legislation in Ontario and, on the other, is there anything in Ontario that is coming down the line which we should be aware of?

Mr. McClellan: Why don't you put your cards on the table?

Mr. Van Horne: They are; what are you talking about?

Mr. McClellan: I have never seen such a neat skating trick in my entire life. If you feel there is something wrong with it, why don't you have the courage to say so?

Mr. Van Horne: I have got the courage. Why do you think I am addressing the problem?

Mr. McClellan: You are not addressing anything.

Mr. Van Horne: That is your view. I don't hold to your view at all.

Mr. McClellan: Do you think it is improper? I mean, you should be asking him these questions. Why am I asking you these questions?

Mr. Van Horne: Well, you are not the government. You have to remember on occasion that you are not the government, you know. You may want to be, and you may aspire to be—

Mr. McClellan: I don't understand what point you are trying to make.

Mr. Wildman: I am not sure, Ron, whether you are in favour of what the UAW did or against it. That's what my colleague is trying to find out.

Mr. Van Horne: I did not address the question to you. I think I know where you stand. I am addressing it to the minister, and that is what the exercise is.

Mr. McClellan: We would like to know where you stand, too.

Hon. Mr. Elgie: Yes. I understand what he is asking.

Mr. Van Horne: You had better get your caucus straight, Ron, you really should.

Mr. McClellan: That is what I am trying to do. I am trying to focus on you, I see double every time I look at you.

Mr. Van Horne: Well, that is great.

Mr. Chairman: Order.

Mr. Van Horne: Start straightening that out a little.

Mr. Chairman: Direct your questions to the minister.

Mr. Riddell: We do not ask to see where you guys stand when Alberta attracts all her industry into that province with her great heritage fund.

Mr. McClellan: We know where you stand.

Mr. Riddell: Yes, and I am not afraid to say where I stand.

Mr. Wildman: You know where I stand.

Mr. Riddell: I happen to think the employer has a few rights, too.

Mr. McClellan: Sure. At least that is an honest position.

Mr. Riddell: Yes. Now you know where I stand.

Mr. McClellan: At least that is an honest position.

Mr. Riddell: It is an honest position. You want to believe it.

Mr. Van Horne: Mr. Chairman, I'm sorry. Is the member saying that I have a dishonest position? If he is, he is dead wrong. Let him come out and say it.

Mr. Mackenzie: I was saying that somebody is—

Mr. Van Horne: Come out and say it right now.

Mr. Mackenzie: That's what I was trying to say.

Mr. McClellan: I think you have no position. I think you have no position.

Mr. Chairman: Let's get away from the shouting match.

Hon. Mr. Elgie: Mr. Chairman, I'm going out for coffee.

Mr. Chairman: I heard the question directed to the minister; the minister will answer.

Hon. Mr. Elgie: Ron, I don't want to get into the position, and I am sure you can appreciate why, of saying whether Blue Cross does or does not have any right of action against the UAW. That is a valid question, that is advice they are going to have to get from their own attorney. I don't know of anything in the labour law which deals with it particularly, if that is what you are saying. In other words, in the collective bargaining process the issue is one of whether they—

Mr. Van Horne: I am sorry, if you would look back, Mr. Minister, I did not ask you about Blue Cross.

[9:00]

Hon. Mr. Elgie: I'm sorry, I understand. What I am simply saying is that if any of the parties to any of those matters wants an opinion as to whether or not there was anything inappropriate in the collective bargaining process, is not a matter for me to decide. They have access, believe me, to very able counsel who can advise them.

To date, to my knowledge, there have been no complaints registered with the courts indicating any impropriety. I would not be presumptuous enough to suggest that they should or should not do so. I do not think it is my place to do that. Do you have any comment on it, Deputy?

Mr. Armstrong: No. I think you have covered it very well, Mr. Minister, if I may say so. Perhaps there is one other thing. Whether or not it is a proper subject of bar-

gaining, the matters to which Mr. Van Horne alludes are answered in part by looking at section 1(1)e of the Labour Relations Act. That defines collective agreement. By implication it entitles a trade union to bargain with respect to terms and conditions of employment, rights, obligations and duties of employers to trade unions and the employees. Whether or not a demand of change of carrier is a term or condition of employment or a right, duty, obligation of an employee is something that could be argued about.

Mr. Van Horne: If I can jump in at that point, you are saying you will remain neutral and, if organized labour wishes to get its membership into a position where it will only negotiate a contract wherein they deal with organized labour, that you will condone that. On the other hand, if they will get themselves into a position where they will demand that you argue or deal with one that is not, will you also condone that? Is that what you are saying?

Mr. Armstrong: That is not what I thought I said.

Mr. Van Horne: Tell me what you said then.

Mr. Armstrong: I am not sure what you said, but I would prefer to let the record stand as to what I said. With the greatest respect, I say I would not concur or disagree with it because, frankly, I don't quite understand it.

Mr. Wildman: Mr. Chairman, I have a supplementary on this.

Mr. Chairman: Okay; go ahead.

Hon. Mr. Elgie: Have you finished?

Mr. Van Horne: Okay. Let us go back to General Motors and Blue Cross. Would you like to review for me what happened?

Hon. Mr. Elgie: As I understand it, as part of the bargaining between General Motors and UAW and Ford and UAW, one of the terms of agreement was that the carrier would be changed, with portions of it being carried by Green Shield and other portions of it being carried by Metropolitan Life, if I recall it correctly. The issue is whether or not that is a proper term of condition for bargaining. What I am saying is, that is a matter for the parties to determine. If they feel it is not, then they should raise it as an issue.

Mr. Van Horne: Going back to the first question, that has not been raised as an issue?

Hon. Mr. Elgie: No, it has not.

Mr. Wildman: Supplementary, Mr. Chairman. I was involved in negotiations for some time prior to getting into this job. I remember one set of negotiations where the carrier for a long-term disability plan was one of the major matters of concern at the bargaining table. Both the bargaining unit and the management negotiated who would be the best carrier for the particular group for whom we were bargaining. It does not seem to be particularly unusual to me that that would be something that certainly people bargaining on behalf of the employees would consider to be part of a legitimate concern of theirs. As the minister said, it seems the management did not object to that being brought to the table, too.

Hon. Mr. Elgie: I don't think Ron was asking who was the best carrier. He was asking, was it appropriate that there was negotiation about who was the carrier?

Mr. Wildman: That is what I just said we did when we negotiated.

Mr. Van Horne: Going back to the member for Bellwoods: You are starting to zero in on me as though I am the attacker on the propriety of this. I thought I had addressed myself to the question of whether there was provision for this. All of a sudden, the hackles come up and there is a degree of defensiveness—

Mr. Wildman: Who was defensive? I would say he was aggressive and you were defensive.

Mr. Van Horne: You underline my point, thank you.

Mr. Mackenzie: I don't want to prolong this, Mr. Chairman, because I do not know where it will lead—

Hon. Mr. Elgie: That has never stopped you before.

Mr. Mackenzie: —but I want to point out very clearly that we do not have the instant Hansards that quickly. When the Liberal member was raising the question, he not only directed it to the minister, although obviously for him, but also he made some comment about the NDP member—

Mr. Van Horne: The NDP's reaction.

Mr. Mackenzie: You got the reaction. I would like to make it clear for the record that the question asked was asked by the Liberal labour critic.

Mr. Chairman: At this stage, shall item 1 of vote 2402 carry?

Hon. Mr. Elgie: Mr. Chairman, Mr. Van Horne was on quality of working life when we finished yesterday.

Mr. Chairman: Okay. Do you want to go back to that?

Mr. Van Horne: I have to go back to my notes on this, Mr. Chairman. I recall asking the minister if programs to accommodate alcoholism were part of this program. My notes state that 12 companies have initiated such a program; at that point, I have a question mark. I don't know—I think we were at the end of the day then; so I would refer back to you and see if there is anything more that had to be said on that.

Mr. Armstrong: As I recall, what was said, Mr. Van Horne, was that now under discussion in the Quality of Working Life Centre were 12 situations in which employers and unions were discussing the possible implementation of a quality of working life project. I think I explained to you that, because of the stage at which those discussions are taking place, it would be premature either to identify those parties or to talk about the contours of their programs. I think you asked me whether it was conceivable that they might involve aspects that related to the problems of alcoholism in the work place and related matters. I said I thought that was possible. I think you asked whether there were any other programs within the ministry that dealt with problems of that sort. I think the answer on the record was that that would be the area in which the ministry would be concerned with the matter.

I am aware of some collective agreements—the auto workers' is an example—that have programs built into them for the rehabilitation of workers suffering from problems of these sorts. However, we do not have a specific project, other than the quality of working life, which would address that kind of matter.

Mr. Van Horne: Mr. Chairman, I don't have anything else under that item.

Mr. McClellan: I have one question on the Quality of Working Life Centre in relation to the projects, and I suppose in a sense I want to ask a question that is rhetorical. I do not suppose that any of the projects involve construction trades. Would I be correct in that?

Mr. Armstrong: Yes.

Mr. McClellan: Is the Quality of Working Life Centre paying any attention at all to the quality—and I use the word advisedly—of working life in the construction trades?

Mr. Armstrong: The way in which the centre is developing its potential projects, in the initial stages at least, is to attempt to identify labour-management relations in the

mainstream. I think it is true that the 12 projects of which I speak are all in the industrial sector. To answer your question quite clearly, I think the answer is that they have not yet got potential candidates in the construction industry, but that is certainly an industry which well deserves attention in that area.

Mr. McClellan: To put it mildly.

Mr. Armstrong: Yes.

Mr. McClellan: I do not have to go through the kinds of things the construction workers are still enduring in 1979, from being driven to and from work in trucks, to being subjected to the pushman on the job site. I do not know whether it is worse than the mines, but I suspect that in some respects it is. I do not see any initiatives coming from anywhere about some of these basic problems. Is there an opportunity within the Quality of Working Life Centre for some leadership in the construction trades, or some reaching out, to try to come to grips, for example, with the transportation issue, the trucks, or to come to grips with the pushman system on construction projects? You understand, I am sure, the relationship between industrial accidents and the pusher system. Everybody understands that who has ever looked for more than 10 minutes at the way the construction trades have been structured, and yet we do not seem to be able to get any movement going on that.

Because of the vulnerability of construction workers, who have a 30 per cent unemployment rate, with seasonal work, with probably the most precarious and tenuous kind of economic position that exists anywhere in any of those sectors, it is very difficult for folks in the union to deal with other than basic economic protection issues.

Mr. Mackenzie: It's a matter that the operators are not interested in.

Mr. McClellan: It has to come from government if we are going to make any breakthrough. This is because of the vulnerability of the trade and the vulnerability of the workers. There is a huge pool of unemployed workers and, if somebody speaks out, he is out.

Mr. Mackenzie: I recall, Mr. Minister, part of your answer to my colleague's question on the transportation of the construction workers, because we have started to get a number of calls about it.

Mr. McClellan: I want to come back to that when we deal with construction safety, but I would like an answer.

Mr. Armstrong: Mr. McClellan, I think both the executive director of the centre and his staff would be most receptive to a project or projects within the construction industry relating to the problem you identify and to other problems relating to the quality of working life in that important industry.

That is one point of entry; that is to say, a proposal or suggestion from any source that we commence projects in that industry. The other way in which initiatives are undertaken by the centre is as a result of recommendations made by the steering committee, which is composed of labour and management. I chair that steering committee, and I will certainly pass along your comments to them.

Mr. McClellan: I would appreciate that. I would also appreciate the centre personnel sitting down and taking a good, tough look at that work-place situation, which is simply atrocious. There is no other way to describe the way the construction workers are treated in 1979 in this province. Unless there is government leadership, I do not think we are going to make any progress in civilizing that work place.

[9:15]

Hon. Mr. Elgie: I have already raised the issue of the quality of working life in several speeches to construction associations; so surely that is something we have in mind. We are just starting in areas now that seem to be most accessible in terms of fixed location and the fixed work force. I spoke, I think it was one month ago, to the Canadian Construction Association on the quality of working life. Clearly, that is an area we have to head in, but it is a very valid point.

Mr. McClellan: You do research as part of your function?

Hon. Mr. Elgie: Yes.

Mr. McClellan: I am not aware of any studies that have been done into the pushman system except for a very minor study that was done a couple of years ago and that I brought to the attention of the minister in a previous estimates debate. I do not believe there has been any systematic examination of the way the construction industry is organized to look at the role of the pusher and the relationship between the pusher and industrial accidents and occupational stress. I think that might be a useful thing for you to bring to the steering committee to talk about in terms of some basic research.

Hon. Mr. Elgie: I am not aware of any.

Mr. McClellan: No. There has not been any done. It is a very obvious relationship, it

seems to me. You may dispute it. There may be people on the staff who would argue against a relationship between industrial accidents and the pusher system. If there are, I would be interested in some discussion of that. Certainly, when I talk to my constituents, who by and large work in the construction trades, that is an issue which comes up over and over again. People work too fast and take shortcuts and do not take as much precaution, because they are under the pressure of the pusher all the time, and it causes accidents.

Mr. Armstrong: I would perhaps add that Dr. Van Beinum, who is the executive director of the Quality of Working Life Centre, has appeared on at least one occasion before the advisory council on occupational health and occupational safety at Dr. Mustard's invitation to see ways in which that council can relate to the centre with specific reference to aspects of quality of working life that relate to occupational accidents and occupational safety.

I know there is that concern by the council and the concern has been made known to Dr. Van Beinum, but I will certainly pass your comments along to him and to Dr. Mustard.

Mr. W. Newman: Mr. Chairman, I wonder if I could get a question in here, because being a farm boy I do not understand all these complicated processes that you go through. I would like to ask the minister this: How do your ministry initiatives in the area of preventive mediation differ from the traditional mediation services when negotiations have broken down? I know you have this kind of service; how effective has it been? Does it work? What has your response been to this program, if you call it a program?

Mr. Armstrong: Our expert on preventive mediation left the room about two seconds before your question. I do not know whether that was—

Mr. W. Newman: He is probably just around the corner.

Mr. Armstrong: Maybe he is just around the corner. He is by far the most qualified person to speak on the preventive mediation program, which is working very well.

Hon. Mr. Elgie: Here he comes.

Mr. W. Newman: Mr. Chairman, my question was: How do ministry initiatives in the area of preventive mediation differ from the traditional mediation services available when collective agreement negotiations have broken down? As a follow-up or as a

supplementary question: What type of response has the ministry had to the preventive mediation program?

Hon. Mr. Elgie: Mr. Pathe, would you comment?

Mr. Pathe: The preventive mediation program differs from traditional mediation in one fundamental respect, in that it is usually performed during the term of the collective agreement. It's designed to assist labour and management with situations where the relationship has broken down. We decided to embark on the program because we get a fair number of disputes which are difficult to resolve because of the basic day-to-day relationship in the work place.

The initiative usually is taken by the mediator during the traditional mediation when he or she observes that there is a bad relationship. The suggestion is made to the parties that when the round of negotiations are concluded it might be useful to sit down in a less emotional climate and look at some of the causes of the poor relationship. The causes are very often poor communication or lack of communication, or an inability to solve problems which may or may not be violations of the collective agreement. We encourage them to deal with issues which probably were dealt with or were at least discussed during the negotiations but were not resolved, that didn't hold up the settlement but, if left unattended, would probably cause a difficult round of negotiations next time around.

The program has been in effect for almost three years and has taken on three types of activities. Where there is a poor relationship but it isn't a terminal case, the mediator will get back and pursue with the parties whether or not they're interested in doing anything about it. It's essential that there be an interest on both sides to do something. If the parties are saying, "We don't really have a problem or we're not really prepared to do anything at this time," very little can be done. We don't find that to be the case. Usually, there is an interest in trying to do something about it. It has developed into three distinct program areas.

One is, in the less serious cases, the establishment with the help of the mediator of what we call a joint action committee, which is an ongoing committee made up of labour and management in the work place for day-to-day problem-solving.

In the more difficult cases, we're using a system called relationships by objectives, which we first learned about from the federal mediation service in Washington. We've

revised it and made some changes to it to fit what we think is the Ontario scene for each of the parties in Ontario. That requires that you bring all of the foremen and stewards together for an intensive three-day analysis of relationships. It's very costly to both sides and very costly to the ministry, but it's worth doing in work places where they really are in very bad shape and where, if something isn't done, there's bound to be a strike the next time around, which will have more to do with attitudes and emotions than with issues.

The third portion of the program arises from the first two; that is, we very often find there's a need for better contract administration. In that area we now have four or five mediators who are qualified to conduct a one-day workshop session on basic contract administration. The strength of that program is that labour and management people responsible for administration of the collective agreement are learning together rather than separately, with labour doing its training and management doing its training which they continue to do. I might add that they do it very well. The uniqueness of our program is that they spent eight hours in contract administration where foremen and stewards are learning and working together.

The program has pretty wide acceptance. By the end of this fiscal year we will have done about 50 cases. We've done the intensive relationships by objectives programs now. I think the fourth case is under way as we are here tonight. The first one was done between Union Gas and the oil and chemical workers. The second one was between Livingston Industries Limited and the international woodworkers union. We did one in September between the city of London and the Canadian Union of Public Employees following a strike in London. This week one is under way between Budd Automotive in Kitchener and the UAW.

I don't think it's a panacea for solving work-place problems but it provides the parties who want to do something about it with an opportunity and a structured method for getting right down to the root causes of the problems. There was a fair amount of scepticism about it when we first embarked on it, but we're now at a stage where there's enough of it under way and there's enough interest being shown by labour and management that the program is launched and will continue and expand.

Mr. Van Horne: Do you report anything back to the home bodies? You mentioned London, and I'm aware of the strike within

this past year. Is there any determination or obligation to go back to the city fathers or the union heads and say: "This has happened"—they obviously are aware of it—"and this would be our recommendation"? Is there any kind of feedback?

Mr. Pathe: It doesn't quite work that way. We're the catalyst. We don't do it for them; we work with them and they do it themselves.

Mr. Van Horne: Okay. Do they then go back? Is that part of the process? Do they have to have that determination when they come into it?

Mr. Pathe: Let me explain that, under the relationships by objectives program, at the end of the three-day session the foremen and stewards leave with a document which includes the problems that have been identified and over the course of the three days have been turned into objectives—objectives of the union, and objectives of management. In a joint session, which usually takes a full day, they work those objectives into a list of common objectives. On the third day, they split into four teams made up equally of labour and management, and those teams work out action steps to achieve those objectives. At the final session, they not only have the action steps but also assign responsibility for carrying out the action steps. They leave the session with a document which identifies what they've done, what the problems are, what their common objectives are, what action steps they've each committed themselves to do and who's accountable.

The role of the mediator is to check back about every 60 days to see that the commitments which were made are being followed. Where they're not, the mediator will have discussions with whichever side is responsible and endeavour to get them back on the track.

We don't write a report. They develop the report. They develop the program. They agree. It has some similarities to collective bargaining, because they come together, they talk about objectives, they caucus, they come back, but they leave with what we call a road map to better relationships. It's their product.

Mr. Wildman: You mentioned that the initiation of this process usually is at the behest of the mediator during a mediation process during collective bargaining, where he notices a bad relationship which he feels needs to be dealt with. Have you had any experience where it isn't something that is identified through a mediation session during the collective bargaining process, but rather problems that arise and become apparent not only to the two parties involved but also to the

community at large during the life of a collective agreement which, if continued, could conceivably produce a very bad situation when the agreement comes to an end and there's a need to negotiate a new one?

Mr. Pathe: We're getting more of that. As more and more parties become aware of the program, we are getting more people who come to us on their own initiative. We've had meetings with industrial relations people, from management; with senior trade union representatives, who do most of the negotiating for their respective organizations; and with lawyers and consultants who are involved in collective bargaining to make them aware. We've spoken to almost every organized management group over the past two years and told them about the program. There is a developing awareness and we do get requests. The most recent one came not at our initiative but at the initiative of the parties.

[9:30]

Mr. Wildman: The initiative still has to be from either the union or the management or both, rather than the ministry approaching them if they perceive a problem.

Mr. Pathe: No, we will initiate the discussion if we're made aware of the problem by whatever means. We don't have to even identify how we were made aware. In the early stages of the program it was all done at our initiative. It was all done based on the report to the mediator. We're not uncomfortable about making the approach, no matter how we become aware of it. We want to do what we can to head off a bad situation.

Mr. Wildman: If a member of the Legislature were to raise a matter during the Ministry of Labour estimates in which he indicated there might be a serious problem developing as of the end of the summer that might produce a serious situation in negotiation—

Mr. Pathe: I'd be delighted to make a note of this and look into it.

Mr. Wildman: And the ministry would then investigate it to see whether the guy was talking through his hat or not and, if there was a problem, would approach the parties involved.

Mr. Pathe: We would most definitely.

Mr. Chairman: Are there any more questions on item 2?

Mr. Wildman: I have just one question.

Mr. Mackenzie: Have we voted on item 1?

Mr. Chairman: Yes.

Mr. Wildman: I understand there's a mediation effort going on in the Sault be-

tween CUPE 1880 and the children's aid society. Is that still ongoing?

Mr. Pathe: No, I'm sorry to tell you that that mediation effort came to an end; the meetings adjourned, at least. Our efforts and our contact with the parties will continue, but the mediation sessions adjourned at about four o'clock this afternoon without an agreement having been reached.

I've been in very close touch with the mediator both yesterday and throughout today. It's a very difficult situation for which we've been unable to find a solution.

Mr. Wildman: I understand the executive director of the CAS has indicated that the outside workers who have been working during the situation probably are not going to be available during the Christmas season. If there isn't a resolution of the situation prior to Christmas, there's going to be an even more serious shortage of staff than there is now.

Mr. Pathe: I think throughout the strike there have been some concerns about that. I know the agency has expressed concern to us from time to time about the difficulties in maintaining child care. I think that fluctuates.

Items 1 and 2 agreed to.

On item 3, labour-management arbitration commission:

Mr. Van Horne: I have just a brief question, if I may. In looking through Hansard of the last few years there's been ongoing discussion about the Hospital Labour Disputes Arbitration Act and involvement there. Is there anything on stream that we should be aware of, or is everything as it should be in that area?

Hon. Mr. Elgie: We don't have any imminent plans for any change in legislation at the moment.

Item 3 agreed to.

Vote 2402 agreed to.

On vote 2404, occupational health and safety program:

Mr. McClellan: Before we start this vote, I would ask for a copy of things from the ministry, one having to do with fatalities in construction trades and the other a list of the 60 hazardous chemical substances that were being worked on by Dr. May. Are either of those materials available yet?

Hon. Mr. Elgie: This is a copy of the weekly analysis of fatalities for June 1978 to June 1979. Does this contain all of the information that Mr. McClellan asked for, Dr. May?

Dr. May: That's a one-year summary, June to June.

Hon. Mr. Elgie: I don't think this is entirely what you asked for. This is the weekly analysis of fatalities in the first quarter of 1978, but it's not the exact information you've asked for. Mytro Pizak, the acting director of the construction safety branch, can give that to you at whatever stage you're after.

Mr. Pizak: The information I compiled contains 18 months, from January 1978 to July 1979.

Mr. McClellan: I gather what this doesn't have is an indication as to whether there was a violation of the act and whether there was an action taken.

Mr. Pizak: I have that information on my copy.

Mr. McClellan: Is that something that can be shared with us? Rather than go through each case and take up the time of the committee, could that be prepared, as is convenient?

Hon. Mr. Elgie: Would that be a problem for you to prepare, Mr. Pizak?

Mr. Pizak: Right now?

Hon. Mr. Elgie: No, not now.

Mr. Pizak: No problem. When would you require that information?

Hon. Mr. Elgie: We next meet on Monday night. Perhaps you could have it for Monday night.

Mr. Pizak: No problem.

Mr. Riddell: There goes your weekend.

Mr. McClellan: What I'd like to do is ask the minister some questions about the work program for the identification of chemical and physical hazards. The first question that comes screaming off the page is, "Where is asbestos?" It seems to be down in 1983. Asbestos is shown on the timetable for future—

Hon. Mr. Elgie: I've got one here.

Mr. McClellan:—action in fiscal year 1982-83. Are we going to go that long before we have any standards for asbestos?

Mr. Heath: The complete listing as identified by project group is on the second sheet.

Mr. McClellan: I'm sorry.

Mr. Heath: The first sheet shows the time schedule that has been developed for the next four years, but it does not include those substances for which notice has already been put in the gazette, indicating that the regular due process would be put in place.

Mr. Mackenzie: How many substances is that?

Mr. Heath: There were seven substances in the occupational health hazard regulation, which included asbestos.

Mr. McClellan: Could you give us the list of the seven that have been gazetted?

Hon. Mr. Elgie: They're not on this list.

Dr. May: They're not on this list, no. They are lead, mercury, noise, isocyanates, vinyl chloride, asbestos and silica.

Mr. McClellan: Thank you. Just so I understand the process, are the seven which have been gazetted in phase two of the advisory council's process? Am I correct, or are they in phase three? Does the gazettement take place after the first draft, which is phase two, or after the second draft, which is phase three?

Dr. May: The first gazettement is after the first draft is prepared.

Mr. McClellan: So that's where lead, mercury, isocyanates, et cetera are at? Were they gazetted at the same time or at different times for each of the seven substances?

Dr. May: They were all gazetted, I believe, at the same time.

Mr. McClellan: That was when?

Hon. Mr. Elgie: The summer of 1978,

Mr. McClellan: The summer of 1978?

Dr. May: The act only became effective October 1.

Mr. McClellan: All right, but you have a process. I want to try to use these to understand the process. You gazetted the seven hazards. What is the starting date for the different time sequences to trigger in; the 30 days for public comment and the 60 days for intent and action?

Dr. May: In regard to those that have already been gazetted?

Mr. McClellan: Right.

Dr. May: We anticipate that three of them will be gazetted for the second time in January. Those are lead, mercury and noise.

Mr. McClellan: All right, but unless I misunderstand something quite fundamentally, you have a total of 120 days from the time you gazette it the first time until you gazette it the second time. Is that correct?

Dr. May: That would be the minimum.

Mr. McClellan: I can't understand what significance the time sequences have. Either they're followed or they aren't.

Dr. May: Having gazetted the draft, this gives the opportunity for public comment and input on that particular draft.

Mr. McClellan: I understand that.

Dr. May: This in turn may lead to a round of consultations and meetings with individuals and groups and those who have specific interest in that particular regulation. In the course of the first round we received something like 300 briefs, all of which have to be analysed and relevant points and points of interest which might modify that particular draft have to be taken out and woven back again into that draft before we can come up with a second one.

[9:45]

Mr. McClellan: I understand that, but I had thought that when the advisory council set out its phases and time schedule they were taking all of these things into consideration, and were setting out a reasonable period of time for that work to be accomplished. From what you are saying, I begin to wonder whether we are not talking about a desirable target but a process that can be open ended.

Dr. May: It is very dependent on just what we have to go through in terms of analysing those groups and meeting and consulting with a large number of groups.

Hon. Mr. Elgie: I think what he is asking is: Are there minimum and maximum time limits?

Mr. McClellan: No, they are maximums. I understood from what Dr. Mustard said and from what we had discussed the other day that when Dr. Mustard set out his time sequences he was talking about maximum times. When the minister replied and said he accepted the report of the advisory council, he was saying the government agreed that these would be the maximum times, but possibly they could be achieved more quickly. My reading of this document and the minister's response is that they are talking about maximum times. Thirty days for input of public comment and 60 days for the review and another 30 days for public comment, followed by the second gazettement.

Dr. May: This is what we hope to achieve, but it doesn't always follow that way. It depends on the volume of correspondence we have and the number of times we have to go back for briefings and further investigation.

Mr. McClellan: Let me try to understand then: When is day one in the process for the seven hazards that were identified in the summer of 1978? When do we start counting the first 30 days? Does the minister know?

Hon. Mr. Elgie: No, I will have to rely on Dr. May for that.

Mr. Heath: Following the receipt of that advisory memorandum from the council, we reviewed the details and the time frames they had indicated. We looked at our own administrative systems and at the experience we have had since the time of the receipt of the advisory memorandum. If you will recall that was dated in August 1978. It was about the time that the draft regulations were published in the Ontario Gazette.

By the time we responded to the advisory council memorandum we had some experience with the way in which the public was responding and the expression of concern by the public. We had requests, as I recall, from a number of respondents who indicated they wished for an extension of the time. We developed a flow chart which we would be pleased to bring, although we don't have it with us tonight, to show the various steps and stages we saw we would have to go through.

At the meeting with the advisory council we indicated to them that it was not feasible to put time frames on that chart with respect to a rigorous time frame, for all chemical substances. We indicated that the time frames would be flexible. In fact, with some substances that were very simple, for example, substances that needed some urgent attention and where there was a consensus on the part of all active parties that they did need urgent attention, we would probably be able to compress the time frames and move it through. We indicated in the case of some substances where there would be such controversy and disagreement the time frames would probably have to be expanded. This was one of the things that we would have to look at with respect to each and every substance.

In looking at other jurisdictions, in particular we had some people from Great Britain—I'm talking of their experience with some of the very substances we are dealing with now. Lead is one example.

There we have been talking, in terms of a time frame shall we say from concept—that is a determination that something needs to be done about the substance—a phase of investigation which may take—

Mr. McClellan: That is phase one, right?

Mr. Heath: A phase of investigation which could take, dependent upon the complexities of the substance, something in the order of three months, maybe six months. If you want to do it in a very short time, then something less than that.

Mr. McClellan: I understand that quite clearly, that it is because the advisory council

has recognized that there may be a need for an open-ended period of work at the identification stage—and I applauded them for having the foresight to do that. But in their wisdom, once you had made the initial work-up and had identified your own position, then they have set out a very precise series of deadlines for the public consultation process to take place.

What I am hearing you say is that you are not following the time sequence in phases two and three.

Mr. Heath: I am not actually saying that. What I am saying is that after the decision to proceed with an examination of some substances—as we are at the moment with benzene and chromium compound; we have put people to work on a review of those two substances.

Mr. McClellan: Let's not move off the first seven, just so that I am not confused.

Mr. Heath: All right.

Mr. McClellan: You did your early work on the seven hazards. You gazetted them in the summer of 1978. I would understand then you would have 30 days, 60 days and then 30 days before you would gazette them a second time. That hasn't happened.

Mr. Heath: Not to move away from the seven, I think we need to say we gained considerable experience working with the seven. To deal with them specifically, at the present time we are in a position to gazette the seven in terms of the Occupational Health and Safety Act, which provides for gazetting 60 days prior to filing with the registrar of regulations. Very soon we shall have reports on lead, noise and mercury, ready for commission to the minister.

Mr. McClellan: And mercury. As I count on my fingers I come to the conclusion that you took a year and a half to get from the first gazetting to the second gazetting.

Mr. Heath: Yes.

Mr. McClellan: And you only managed to do that with three of the seven substances.

Mr. Heath: Yes.

Mr. McClellan: So I see an enormous problem here because the sequence calls for you to be at the second gazetting stage at 110 days.

Mr. Heath: With all respect, the first seven substances were the first substances to be designated. We were going through an experience. Perhaps we were over-ambitious in terms of your ability to deal with those. We have had to deal with fundamental technical problems. Perhaps we were delayed

because of our inexperience at the time, the way in which the draft regulations were structured and by the manner in which we had to consult with the various affected parties.

To a degree, the experience with that seven had been a learning experience. With respect to the ones we are moving into however—

Mr. McClellan: Let's not move away from the seven until we have dealt with them. So far we have dealt with three of the seven. What about the other four?

Mr. Heath: VCM and isocyanate are virtually complete. When I say virtually complete, they should be completed in early January.

Mr. McClellan: VCM and isocyanate are nearly completed?

Mr. Heath: Yes.

Mr. McClellan: What about asbestos and silica?

Mr. Heath: I would say we still have a number of problems to resolve with respect to silica and the way in which we approach the regulation of silica. Asbestos has a number of problems as well. Today I received a report from Great Britain on asbestos. It is a very interesting report and one which indicates they too have a number of problems with that substance.

We are trying to attempt to expedite those substances. I am not in a position to say we are nearly there on them. I would like to give you a firm date. Perhaps I could. We can look at it if you wish to have some firm dates on it. I could take a close look at those and give you something on it.

Mr. McClellan: I am sorry, but we will have to insist on production. That is our job.

Mr. Heath: Sure.

Mr. McClellan: And I have to express an enormous degree of concern at what I am hearing tonight. What are the time lines for isocyanate and vinyl chloride?

Mr. Heath: I beg your pardon?

Mr. McClellan: What are the projected dates for second gazetting of isocyanate and vinyl chlorides?

Mr. Heath: VCM and isocyanate should be ready before the end of February. The note I have here is that we are hoping to have asbestos and silica very soon after that. I do not have a precise date but we can work up one for you.

Mr. McClellan: I would be grateful. Obviously the implication is that if you are this

far behind—a year and a half as opposed to 110 days on your initial seven projects—then the rest of the flow chart is going to be relatively meaningless. Your 1979-80 flow chart will flow into 1981-82 and 1981-82 will flow into 1982-83 or beyond, you see.

I do not see how you are going to be able to achieve your goals unless you are able to follow the time sequences laid down by the advisory council. My recollection is certainly not perfect, but I did not hear Dr. Mustard say anything to the effect that they regarded these time sequences as open-ended. I do not have the instant Hansard yet, but I believe I questioned him about whether he expected the time sequences to be followed. He said yes. I had said to him, "We will expect to ask you questions in the next set of estimates around whether or not the time sequences are being followed." He said, "I believe we would expect you to." Here we find that in the very first group of substances you are many, many months off Dr. Mustard's and the advisory council's time frames to which your ministry has agreed to adhere.

I don't want to badger staff. I would prefer to badger ministers. I say to the minister that something is wrong here. If the occupational health division does not have sufficient manpower to do the job in the required period of time, you had better do something about it. If there are other problems, perhaps you can find out what they are and let us know.

Mr. Heath: In our discussions with the advisory council we did not, as I recall, give any clear undertaking to adhere strictly to those time frames. We used them. We explained the process; we explained the possible times against the chart by which we work with the advisory council. We indicated problems associated with this.

As to catching up, we have taken steps to move very quickly into these other substances—benzene, chromium, arsenic, acrylonitrile. We have others we are moving into in the early stages. As I explained, we moved quickly into these substances before the proclamation of the act, while it was still under discussion. We had issues with respect to not only the process that is involved but also the training and the development of staff who deal with what is a new phenomenon in Ontario. We believe we have got through this phase and we have taken aggressive action to move quickly into the others.

As I say, we have four that are moving right now and we have—

[10:00]

Mr. McClellan: Three out.

Mr. Heath: No, there is chromium, benzene, acrylonitrile and arsenic.

Mr. McClellan: Yes, I understand. Yes.

Mr. Heath: We actually have work going out on these.

Mr. McClellan: Chromium, benzene, arsenic and acrylonitrile.

Mr. Heath: Yes. We have consultants working on these. In the case of the two substances, benzene and chromium compounds, these consultants have already been in consultation with labour organizations, the Ontario Federation of Labour and United Auto Workers and organizations that are either producing these substances or use the substances or have emissions in their plants, as in the case of benzene. We have asked these consultants to come back and to report to the minister. The time frames on these are very tight. I do have the details of when we expect these reports here actually, but I would have to look them up. These reports indicate a strategy to the minister and the problems associated with proceeding with the regulations.

Based upon that, the minister is going to make a determination as to the structure of the regulation that should be put up for consideration. When he puts that out in the gazette with a notice of intent and with the draft regulation, we will be in a position, as we were not with the seven substances, to have a report available for public scrutiny, as the minister wishes, making available to the public the information we have already gleaned. This is prior to publication of the notice of intent.

Mr. McClellan: Yes, I understand.

Mr. Heath: In the case of these—

Mr. McClellan: I think I understand this.

Hon. Mr. Elgie: If I may just interject, I think what we are getting from this is that the original publication or gazetting in 1978 was done under the Industrial Safety Act and it was gazetted as a prudent measure, not as a requirement of the act. I think that process taught the staff several things, one of which was you do not publish so many at one time. I recall I had just become minister and the federation of labour—one group, for instance—phoned and said there was no way they could respond within 30 days. Considerable extensions were given because they felt, and we agreed, there were too many substances and items gazetted the first time. We have learned a lot from that process and from now on, all of the data will be collected beforehand so when it is gazetted

again, no further research will be required into that aspect of it.

I would hope we would be able to adhere more closely to the guidelines that have been suggested, but that was our problem with the first ones.

Mr. Mackenzie: I have a comment, Mr. Minister. The impression I got is the same as my colleague's. Obviously, we may have misunderstood it, but when we were having this dialogue with Dr. Mustard I did not hear anything from the ministry that would set us straight on these first substances. I certainly, was under a misunderstanding.

Hon. Mr. Elgie: I do not believe there is a misunderstanding because we are moving ahead on the new substances that have been referred to and will endeavour to keep as close to those guidelines as is humanly possible, given the situations of life and many requests for any delays. Right?

Mr. Heath: Yes.

Hon. Mr. Elgie: I think we did learn from those first substances that we should not gazette that many at one time, because you then have various interest groups bringing in briefs and so forth all at one time.

Mr. McClellan: Again, we intend to hold you to what you say in your letter of February 19. I believe the process—and that is the process set out in response to the advisory council's memorandum 78-3—incorporates all the suggestions that have been made by your council. Sorry, it is your memorandum 78-2, Policy and Processes. Your process incorporates all of the suggestions. I assume it has the status of ministry policy and we will expect you to follow the time sequence in phases two and three. You seem to be over the initial hurdle, although I don't know why it would take so long to develop the standard for asbestos after all the work that has been done. I'm not capable of anything other than raising my eyebrows and asking the question, "Why would it take so long after all of the controversy and all of the work that's been done?" We would expect you to follow those timetables.

How soon do you think you'll be in a position to—you may have said this and I may not have heard the answer—gazette arsenic, chromium, benzene and acrylonitrile for the first time?

Mr. Heath: I would have to say we must review the reports we receive before making a determination as to the time of gazetting. This is not at the public consultation stage. I would expect that we would be able to

gazette it very soon after receiving the strategy reports. However, those strategy reports raise issues that require some further examination.

The point we have to make is that the strategy report will be for public scrutiny and for public debate as to whether the issues that are suggested such as there should be more examination of the subject are valid. If we can proceed immediately with a notice of intent we will do so. If further information has to be gathered, we would have to announce that further information would have to be gathered.

This is moving into the public arena because the organizations have been consulted. Employer organizations are aware of the fact that the ministry is interested in introducing a regulation process to deal with these substances and the worker organizations are also aware that we are working on this.

Mr. McClellan: I see.

Mr. Heath: Benzene is a difficult one and we may find that we have to do some additional work before we actually publish the notice of intent. In other words it will tend to depend upon the nature of the substance. However, once we've moved into that and we've made a determination that yes, we are going to publish the notice of intent, then we can follow a timetable in terms of what the public response is going to be.

If the public response is overwhelming and very complex, it will tend to take longer to analyse that response than it would if the response was very simple. If many parties and interest groups wish to sit down and meet individually and collectively on this, to that degree, if we're to meet their desires, it tends to protract the process.

There are two factors. It's the ability of the organizations to respond quickly to a notice of intent; it's the time available to meet and discuss with them; and it's the time required for analysis of their briefs which tends to modify the amount of time that's required to complete the process.

Mr. McClellan: Before I lose this thought, I think it would be useful for everybody if we could have some periodic progress report, perhaps in the form of a newsletter, from the division, not unduly frequent, but more than once a year so that people who are interested in progress have a clear understanding of what's being worked on, what the projected time flows are and that kind of thing.

I've raised this series of questions because of expressions of concern, some of which are

being communicated to the ministry by the Ontario Federation of Labour. Others are simply picked up in corridors and in conversation. There is a great deal of uncertainty about what your work program is, what the deadlines are, and when production will be seen. I think more regular communication would be really helpful.

Mr. Armstrong: Just on that point, the division has a publication called Workplace. I think the suggestion's a good one that that publication be devoted to more precise reporting on the various stages being followed in the setting of standards and guidelines. I think that is a suggestion.

The second point I wanted to make—again, I don't want to engage in a legalistic type of debate, but the advisory memorandum 78-2 of August 8, 1978, which Dr. Mustard discussed contains—I'm looking at page 35 of his report—a paragraph numbered 4, headed "Characteristics of the process." I would refer you to this and in particular to the reference to "the minimum time to develop the standard is normally nine months." A little later on he refers to the fact of these being estimates. In responding to that the minister's letter of February 19 as you point out, says that he believes the process incorporates all the suggestions.

I can remember being at the meeting when Mr. Heath presented the chart to which he has referred. My recollection is the council was satisfied that in that chart—which I think he said he can produce for you before this debate is over—we had complied with the minimums and the estimates specified in the phase one, phase two and phase three time limits.

Mr. McClellan: I have no dispute with that, Mr. Armstrong. You've been talking about nine months for phase one, phase two and phase three and I'm talking about 110 days for phase two and phase three. That's where my concern is.

I think I already conceded that you have a heavy commitment of time to get to phase two. Once you get to phase two I expect that you will move through phase two and phase three according to the time sequences that are set out here. That's the point that I'm trying to make and that's the concern I'm trying to express.

I have one final question. When I look at the list that Dr. May has kindly prepared for us which shows the list of substances for future action for 1979-80, 1980-81, 1981-82, 1982-83, you're talking about initiating phase one in the fiscal year shown. Is that correct?

For styrene in 1980-81, you're talking about initiating phase one work?

Mr. Armstrong: Yes.

Mr. McClellan: Okay.

Mr. Heath: I would have to explain that this particular schedule may be modified. It may be modified as a result of public and worker concerns about the phasing we have in this chart.

Mr. Mackenzie: We might move up coke-oven emissions, for example?

Mr. Heath: Yes.

Mr. McClellan: They're not even shown.

Mr. Heath: We have them on the list.

Mr. McClellan: They're not even due to come up till 1983.

Mr. Mackenzie: That's going to cause a fair amount of interest.

[10:15]

Mr. Heath: We can move substances forward in this schedule and we can add substances to the schedule. The purpose of this is to demonstrate that we are moving into a planned program of a regulation process. We have this dialogue between worker and management organizations, therefore we will start to develop a harder schedule which will probably be modified from year to year.

Mr. McClellan: Has this schedule ever been shared with any of the worker organizations?

Mr. Heath: No, frankly this is the first time this schedule has been publicly revealed. Essentially it's a working schedule that's been developed to help with the administration of a branch rather than to display the schedule to the public.

Mr. McClellan: That goes back to the suggestion I made. I suspected that was part of the problem I was picking up in discussions with labour representatives and that it would be useful if you shared your work schedule on a regular basis with the interested groups and organizations. I would guess that they would have a legitimate role to play in establishing priorities.

Mr. Heath: Indeed we will.

Mr. Mackenzie: I will throw out an anchor for John Lennie on the coke-oven emissions.

Mr. McClellan: That's right. People may be enormously interested to see that there's no date attached to coke-oven emissions. The next time they meet with Dr. May or with yourself they may want to say, "Why don't you move that up?" or "Move this one up," or "Why isn't fibreglass on the list?" It seems

to me that ought to be part of the public process. The priority setting and, to the extent that it's possible, the work of establishing the time sequences for initiating phase one ought to be something you share with the affected organizations. I'm talking from my perspective of the labour folks.

Mr. Heath: Our plan is to submit this to the advisory council for comment. As I indicated, it's essentially an administrative planning tool at this stage. It's also a tool used to demonstrate to Management Board of Cabinet our work plan for 1980-81 and 1982-83 in terms of the funding required for the Occupational Health and Safety Act. It will be developed. When we feel it's in a form that's fairly firm, we will be submitting it to the advisory council for their consideration and advice in the same way that other issues have been submitted to the advisory council for their consideration and advice.

Hon. Mr. Elgie: I might add before we go on that about a month or so ago I suggested that our whole work plan for the coming year should be given to the advisory council so their memoranda recommendations can follow in line with what we're planning. I indicated that if it becomes evident that any substance needs to be expedited in any way, that flexibility is there—as long as we have the budgetary means to do it.

Mr. Mackenzie: I would like to pass for the moment.

Mr. Wildman: I have a question with regard to the proposed survey—perhaps it's started—of cancer rates of all present and former employees of Algoma Contractors, the contractor employed at Algoma Steel in cleaning and refurbishing the Algoma Steel blast furnaces and in the slag dumping operations. I understand that these 150 workers employed there, represented by local 4694 of USWA, have requested that a survey be done because these employees are exposed to silica dust, asbestos and other hazards. Seven out of the 150 they have surveyed themselves since 1975 have contracted cancer, four of whom died in the age range of 44 to 53 years. I understand there were discussions with Dr. Day in the July previous to that with regard to the carrying out of the survey. I understand Paul Falkowski and Ron Gurevitch of the United Steelworkers of America were talking to you. I would just like to know where you are at with that survey. Has it started? If it has, how far has it progressed and when do you expect to receive it?

Hon. Mr. Elgie: Shall, we adjourn the meeting? Sorry, but we just all—

Mr. Wildman: What happened with the vote?

Mr. Chairman: The government has just gone down to defeat.

Mr. Wildman: It couldn't have happened to a better bunch of guys.

I would like to know where you are at with that and what progress you have made in contacting former employees.

Hon. Mr. Elgie: Mr. Wildman, Dr. Fitch has been involved in this study. Could I ask Dr. Fitch to—

Mr. Wildman: Dr. Muller is here.

Hon. Mr. Elgie: Dr. Muller, will you please come forward?

Dr. Muller: We contacted physicians who have treated these cases. First we had to get a release form to get the information, which we did. The unions provided it for us. We contacted the physicians and got the diagnoses of these cases. We reported the cases, or suggested to the physicians that they report these cases, to Workmen's Compensation Board. This has happened and the cases are being investigated at present.

In addition, we have contacted the firm in order to set up a nominal roll of present and former employees so we can do a death search and establish whether the number of cases that have been observed—these six cases—is compatible with expected cases based on population statistics, or if it is excessive.

Mr. Wildman: Can you tell me when you requested that name roll?

Dr. Muller: Nominal roll? Only recently. Actually, I talked to the firm today, but originally they first wanted to investigate these known cases to get their exposure history and see. For questions of confidentiality we could not do that before a claim has been instituted because we can't go to the company and say, "Do you know these people died of that disease?" Once the claim is instituted this can be done.

Mr. Wildman: I didn't intend to go on this tack, but now I feel I have to. When did the union file the claims?

Dr. Muller: I could not say when they filed the claims because they would be filed with the Workmen's Compensation Board.

Mr. Wildman: What bothers me is the information I had was it was done in July.

Dr. Muller: Oh, no.

Mr. Wildman: This is December and you are telling me you just talked to them today in terms of getting a nominal roll. I wonder

why it took from July to December to get this show on the road.

Dr. Muller: It took a lot of time to get consent forms from the families. That was done through the unions. We got them only very slowly. We still don't have an answer yet from one physician, even though we have asked again to get information on this patient. All these things take time.

Mr. Wildman: We know what it is like dealing with workmen's compensation claims as well as you do.

Hon. Mr. Elgie: When did you get the consent forms? I thought it was just in December.

Dr. Muller: They came at different periods of time. They didn't come in one lot. As I say, in one case we still have not had a reply from the physician. We have already asked twice. We had to wait a few days and we wrote him again, but we still haven't got the information. We still haven't got a confirmed diagnosis.

Mr. Wildman: I am surprised at the length of time it has taken. Let's put it this way: From this date, since you talked to them today and asked for the nominal roll, how long do you expect it is going to take you to start identifying the former employees and getting a survey going on the death search, to determine how many of the employees at Algoma Contractors had actually contracted cancer and later died from it?

Dr. Muller: I must point out that it will take a long time, but I will give the reasons for it. Once you get a nominal roll, you have to get a death search going through Statistics Canada, because it is the only way we can find out what happened to former employees. It will probably take a great number of months, possibly a year, to get this type of information back from them. We have at present a death search going through Statistics Canada—we haven't got the results yet, but we are promised them in April—which will have been a year in Statistics Canada. That is the situation, in effect.

Mr. Wildman: Let me just say, if it takes from July to December to even contact them and ask for the names, it is going to take a lot more than a year to get the survey done. I am completely surprised at that. I would have thought you were a lot further ahead than that.

I know the union local also requested that there be regulations on the use of protective equipment, such as respirators, for the employees of Algoma Contractors. Has anything been done in that regard? Can anybody in the ministry tell me?

Hon. Mr. Elgie: Dr. May, is there anybody who can tell me that?

Dr. May: No.

Hon. Mr. Elgie: Dr. Fitch? Do you have anyone who could?

Mr. Wildman: I know there may be an election coming federally, but this is important. We have people with the possibility of cancer and deaths at a higher rate than normal and I would like an answer.

Hon. Mr. Elgie: Sorry, no one is trying to avoid that, Mr. Wildman. Mr. Wildman put a question to Dr. Muller that he couldn't answer. Would you put it to Dr. Fitch to see if he can?

Mr. Wildman: Can you tell me if the request of local 4694 of the United Steelworkers of America that the ministry institute more clear regulation of the use of protective equipment and for the institution of a protection program for the employees of Algoma Contractors has been initiated and if it has, where it is at?

Dr. Fitch: No, I can't. Do you know that, Jim?

Mr. McNair: You will recall that in preparing the regulations under the industrial portions of the act, because the health regulations which we had previously discussed had not come through, we put in the general section which was previously in the Industrial Safety Act about the protection of people from various contaminants. That is a section which contains the same wording as was previously there. There is a need to protect people from that situation. We looked into the situation. This is off the top of it; we can go into more detail, but we looked into the situation and they were, in fact, during the course of their operations being provided with respiratory protection. That is the information I had.

I think this was while they were in the industrial part. We worked in both parts; the mining and the industrial end of Algoma.

Mr. Wildman: Okay. Frankly, I just am completely taken aback that six months later we are just contacting them today.

Mr. Chairman: We are adjourned until Monday at 8 p.m.

The committee adjourned at 10:28 p.m.

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 Heath, A. D., Director, Standards and Programs Branch
 May, Dr. R., Assistant Deputy Minister
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Official Report (Hansard)

Resources Development Committee

Estimates, Ministry of Labour

Third Session, 31st Parliament

Monday, December 17, 1979

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

MONDAY, DECEMBER 17, 1979

The committee met at 8:07 p.m. in committee room 1.

ESTIMATES, MINISTRY OF LABOUR (continued)

On vote 2404, occupational health and safety program; item 1, program administration:

Mr. Chairman: We were discussing vote 2404, item 1. Is there any more discussion on that item? Mr. Van Horne?

Mr. Van Horne: I was absent for the latter part of that discussion, so if these questions have been answered perhaps the minister can tell me and I will just pick it up when I catch on to the Hansard.

In the November-December issue of Ontario Labour, and I'm sure that publication is one you look at whenever it comes out, there is an article by Dr. Victor Rabinovitch. In it, he makes reference to health and safety programs and what he is politely calling "deregulation." He makes further reference to the matter of deregulation by referring to the Economic Council of Canada, which is now carrying out an extensive study into how and why regulations could be repealed in many fields of public policy, including environment policy, health and safety, building codes, hazardous products, and so on.

Did you, the last time this committee met, make any reference to the involvement with the economic council? If not, perhaps you can tell us if you have had any recent negotiations with them.

Hon. Mr. Elgie: That wasn't raised last time, Mr. Van Horne. Perhaps the assistant deputy, Dr. May, or Mr. Heath, could tell us whether or not there have been any discussions with the Economic Council of Canada.

Mr. Heath: Yes. Very early in the development of that project we were consulted by an advisory committee of the economic council. We discussed a proposal for a study, the results of which would be presented to the council. As a result of that discussion, the proposal was modified and reduced somewhat in scope, because with the amount of money they had available—and I can't recall the precise amount but it seemed it was in the order of perhaps \$80,000—it was clearly in-

sufficient funding to provide for the type of study they had in mind. They modified it and, as we understand, there are consultants talking with various jurisdictions across Canada. I understand they will be talking for some time about our experience with the development of regulations and our approach to regulations. At this time we have not had contact with the group.

Mr. Van Horne: Can you give me a time line on that? When you say "at this time," you are referring to December 1979. When did you have the earlier discussion?

Mr. Heath: This would have been about April, May or June of this year. I believe there was a professor from the University of Ottawa who was involved and who was the lead person in this particular study.

Mr. Van Horne: I have two other short questions. There is a reference on page 28 of your opening comments about the new occupational health lab. I am wondering if you could compare it to the one at the University of Western Ontario. What different function will it play? Is it similar to the one at Western? What other labs might we expect to see evolve out of this program of lab facilities in your ministry?

Hon. Mr. Elgie: Is this the lab that is under construction for 1981, on Resources Road?

Mr. Van Horne: You don't identify its location. You simply say it is in Toronto and is under construction.

Hon. Mr. Elgie: Is Dr. Robinson here tonight? Dr. Robinson is in charge of that laboratory. Perhaps she could answer your question about the facilities which will be in that lab and compare it to the resource centre labs.

Dr. Robinson: The facilities it will have, will allow us to provide a service to the line branches within the ministry.

Mr. Van Horne: Who will it allow you to provide a service to?

Dr. Robinson: To the line branches, the inspection branches. It will provide a service to the mining branch, industrial health and safety, and construction health and safety. It will provide the services for medical sur-

veillance programs, which means analysing materials and samples from the work place to identify the components, measure the quantity of atmospheric pollution in air samples and also determine the presence and the quantity of toxic substances in the blood and urine samples. It is essentially a service function.

Hon. Mr. Elgie: That's a service you provide to Environment as well, isn't that true?

Dr. Robinson: On occasion.

Mr. Van Horne: Would you expand on the other part of my question and draw some comparison, if any is possible, to the facility at the University of Western Ontario?

Dr. Robinson: We are essentially providing a service for the provincial government departments which I believe contrasts with the resource centres which are providing an independent service on a consultant basis.

Mr. Van Horne: Let me go back to that question. Is it considerably larger or more elaborate than the one at Western, keeping in mind what I recall of the one at Western which I visited on its opening with Dr. Elgie? Are we looking at very large expensive units comparatively, or something roughly the same size and same cost?

Dr. Robinson: I'm afraid you have the advantage of me on the detail and facilities available at Western. We do have a comprehensive facility for analysing both organic and inorganic substances, qualitatively and quantitatively, in very small quantities and in bulk samples.

Mr. Van Horne: Dr. Elgie, perhaps you would like to field the question.

Hon. Mr. Elgie: I have not seen this centre. It is under construction, as you know. It is presently located at Christie Street isn't it?

Dr. Robinson: We are presently located at Christie Street. The new building will provide sufficient accommodation under rather better conditions than we presently enjoy.

Hon. Mr. Elgie: Again, Dr. May has seen both the existing lab of the province and the Western Ontario lab. Could you compare the two, Dr. May, and the type of service role they will be performing and their capabilities? [8:15]

Dr. May: From the plans, it is a somewhat larger facility and certainly has a much wider range of capabilities than the one at Western.

Hon. Mr. Elgie: Is there any duplication?

Dr. May: They will have a capacity to do some of the things which Dr. Robinson will be doing. On the other hand, the new labora-

tory which is being built for us will be capable of doing things down to much smaller levels than has the current facility at Western.

Mr. Van Horne: Can you give an indication to us of what you anticipate will be the operating expense of this new facility? How many new staff might you have? What might their salary range be, roughly? Just give us a ball-park figure if you could. Have you looked that far down the line?

Dr. Robinson: We do have a figure but I don't have it with me, unfortunately. We have a five-year projected plan at present and the new laboratory is designed for 50 staff.

Mr. Van Horne: I'm sorry, did you say that was a five-year plan?

Dr. Robinson: We do have a five-year plan.

Mr. Van Horne: Did you hear that, Dr. Elgie? There was a private member's bill that came down about two weeks ago that was blocked by the government, five-year plans not being in favour it seems. Sorry for the interjection.

Dr. Robinson: I provided the estimate of the cost.

Mr. Van Horne: Could we see them, or does anyone have them here?

Hon. Mr. Elgie: Can you get those five-year projections?

Dr. Robinson: I can get them. I don't have them with me.

Hon. Mr. Elgie: Maybe you could let Mr. Van Horne have a copy of that projection.

Dr. Robinson: Yes, surely.

Hon. Mr. Elgie: And the present staffing and the projected staffing?

Dr. Robinson: Yes. Projected staffing is about 50.

Mr. Van Horne: Thank you very much. There was one other comment. I just can't put my finger on it, I suppose I could if I had an extra minute or two. There is reference in here to funding from—is it Ontario lottery funds? Provincial?

Hon. Mr. Elgie: Provincial lottery.

Mr. Van Horne: Could you expand on that a little bit?

Hon. Mr. Elgie: Dr. May, would you review the types of processed projects that go through and that we go through with regard to applications and the types of projects that are funded?

Dr. May: Yes, we have a listing of them.

Hon. Mr. Elgie: Could you distribute that? These are projects that have been approved.

Mr. Van Horne: I don't want to prolong this part of the debate, Mr. Chairman. I appreciate getting this material. As the ministers often say when they are asked a question in the House, I will take this as notice and peruse these figures at a time other than tonight. I don't have any other questions, Mr. Chairman.

Mr. Chairman: Mr. Mackenzie.

Mr. Mackenzie: I am presuming, Mr. Chairman, that we are covering all of the various items and then the votes will go through quickly at the end as usual.

Mr. Chairman: I think you will want to take these item by item. We are now on item 1.

Mr. Mackenzie: I will pass on item 1.

Mr. Chairman: Mr. Newman, are you on item 1?

Mr. W. Newman: I will pass, too.

Item 1 agreed to.

Item 2 agreed to.

On item 3, industrial health and safety:

Mr. Chairman: Mr. Riddell wanted to speak on item 3.

Mr. Riddell: Just a brief point, Mr. Chairman. I received a letter recently from a chap who works at Dashwood Industries Limited. Since Bill 70 came into force, he has been required to wear safety glasses. He said prior to wearing the safety glasses he had excellent eyesight. His eyes were checked and his sight was very good, but since he began wearing safety glasses his eyes have started to give him trouble. His vision has been cut down and he has been having headaches.

He appreciates the fact that safety is being put first, but he is wondering if there are some exceptions to the rule. If he is encountering headaches and if his vision is being impaired to some extent by wearing these glasses, is there any recourse for someone like that? Can he get permission not to wear glasses, or is he going to be compelled to wear them?

Hon. Mr. Elgie: I hate to ask this terrible question, but having gone through it myself, how old is this chap?

Mr. Riddell: He doesn't say, but he does say at the end of the letter, "I am speaking on behalf of other employees at Dashwood Industries." Personally, I feel they should be wearing glasses because of wood chips flying around. I think he acknowledges the fact they should be worn for safety reasons, but as he says, his eyes are bothering him and he is ending up with headaches. I don't know

whether it may be because he is wearing too heavy a glass. Is there such a thing as a prescription-type safety glass that might aid in his vision? What is the answer to his problem?

Hon. Mr. Elgie: First of all, with regard to the necessity to wear the glasses, I think the regulations are clear on that. With regard to prescriptions, yes, there are prescription plastic safety glass lenses you can get.

I venture to say that if someone is complaining of visual changes, it is a function of the individual, not of the glasses. I have never known, nor could I understand, any basis for deterioration simply on the basis of wearing glasses. I would think, subject to the wisdom of the director down here, that particular man should have his eyes tested to see about a prescription lense.

Mr. McNair: Apart from the medical problem, that part of it, the law is quite specific. They have to be worn where there is a danger to the eyes.

Mr. Riddell: Foremen have to wear them as well. He said, "My job as lead hand certainly does not require safety glasses." First of all, pardon my ignorance, but what does he mean by "lead hand?"

Mr. McNair: There are as many definitions of what a lead hand is as there are hours in the day.

Hon. Mr. Elgie: He says he is not involved in areas where there is a hazard to the eye. Is that what you are saying?

Mr. Riddell: He says: "My job as lead hand certainly does not require safety glasses. This is as ridiculous as making a secretary or a truck driver wear them."

Mr. McNair: I think there is clear evidence there is quite a problem in eye protection. That has been established by a statistical review of the Workmen's Compensation Board. I think it is quite clear there is a need for eye protection in a lot of places where people feel in their judgement there is no need. This has been clearly established.

Mr. Riddell: I just wanted to bring that up.

Mr. Mackenzie: Mr. Chairman, I am wondering if I could first get some response from the minister on this dispute over the decision about National Steel Car and whether the straight fine was considered sufficient and why, given a fairly long history of unsatisfactory safety conditions at National Steel Car, there wasn't any other action taken?

Mr. Havrot: Mr. Chairman, what item are we on right now?

Mr. Chairman: Three.

Mr. Havrot: Three of what?

Mr. Chairman: Item 3, of vote 2404; industrial health and safety.

Mr. Havrot: I was just wondering where this question would come in, Mr. Chairman.

Mr. Mackenzie: It and a lot of others will come in under industrial health and safety.

Mr. Havrot: I thought it was a dispute you were mentioning.

Hon. Mr. Elgie: Have you got the reference to National?

Jim, are you aware of National?

Mr. McNair: There was a court case about a fatality in National Steel Car.

Mr. Mackenzie: A chap by the name of Lord, I believe.

Mr. McNair: That's right. That was the relationship. That was not the charge that was in connection with contraventions of the Occupational Health and Safety Act, which was the Industrial Safety Act at that time.

We have no control, of course, over the actions of the court. The charges were laid and the court made their decision.

Mr. Mackenzie: It says here: "It was a proper decision to withdraw charges against management officials of National Steel Car, the prosecuting attorney said today. 'I made the decision and it was a fair decision,' said Eric Scott of the legal branch of the provincial Ministry of Labour."

"The union for the workers at the plant," —I am quoting from the Thursday, December 6, Hamilton Spectator—"was critical of the decision not to proceed with charges, and union officials said yesterday that it was only by bringing company officials to court that attitudes towards accidents could be changed."

Hon. Mr. Elgie: Jim, do you know about the charges and the question Mr. Mackenzie is asking?

Mr. McNair: I don't know the specific individual charges that were laid. It is not unusual for the legal branch to lay several charges in connection with an incident. When they feel the matter has been addressed properly, they may decide to withdraw them. A \$10,000 fine is the fine that was levied by the court. I presume Mr. Scott felt the matters had been properly addressed from a legal point of view.

Hon. Mr. Elgie: We would be happy to get Mr. Scott, the lawyer referred to here, tomorrow and have him review that particular case with you. Hold that particular issue in abeyance. The last memorandum I have here

and the data given to me is the scheduled trial date of December 5 and 6, we don't have a follow-up on that.

Mr. Mackenzie: That might be interesting, Mr. Chairman, for there are a number of things that bother me about it. I took the trouble this morning to meet with the staff rep involved and to contact one of the safety and health people in the plant. They are not very happy with the decision not to proceed. The minister may recall that over the last couple of years, even before the death of Mr. Lord, I had raised with him in the House on at least a couple of occasions some of the safety problems at Steel Car.

In terms of safety and working conditions that particular plant ranks a little better than Stanton Pipes, but not a hell of a lot. There have been problems in getting people to the first-aid services in time, and with previous accidents. We now have a \$10,000 fine for the life of a chap who was crushed between cars during the handling of the cars, despite previous orders that cars not be shunted inside the buildings. This has been one of the items in dispute.

Since this happened—and the court decision just came down—I am sure the minister is aware another worker in that plant has been killed. This time it was with a crane. Once again, with the procedures on the cranes, I find they are not doing things that have been done for 10 or 15 years at Dofasco and Stelco, for example, with overhead cranes in terms of blocks and how they take them out of service for repairs. We have not only had another worker killed in this plant since then, but we have had other accidents, one in which I understand part of a man's hand came off.

I am really wondering at what stage in the game we drop charges when there has been a long history and a fight by, I think, a fairly effective new committee in there to do something about it. We see the company officials not paying the price, while workers are paying the price with their lives.

Hon. Mr. Elgie: Mr. McNair, do you have any details about the incidents Mr. Mackenzie tells us about?

Mr. McNair: I know these are under investigation but I don't have the details on them. I would point out that this particular plant is on a very short cycle as far as the frequency of inspection goes, and on each occasion—

Mr. Mackenzie: What does it mean when they are on a short cycle?

Mr. McNair: It is something like every three months.

Mr. Mackenzie: They had better check it almost daily.

Mr. McNair: In our operations the basic approach is we help the development of an internal responsibility system in which we contact the union every time we are in, and get from them a list of the concerns they have regarding health and safety. I don't have the latest reports with me on this particular one, but I know they are on a three-month cycle. They have contacted the union and ascertained from them all the problems they have and they are addressed at the time.

Mr. Mackenzie: I think it is worth just a couple of comments that have come from the piece in the paper. You are probably well aware of them from the union people involved. "The union president, Fred Sinanan, and health safety committee chairman Mike Skinner, said after the decision yesterday"—this is dated December 6—"they are upset because they are powerless to stop accidents and deaths, or even influence careless workers."

"All the fines and all the inquests don't do any good until the company changes its attitudes and enforces safety. It is the management and supervisory attitude that counts, Mr. Skinner said."

[8:30]

It goes on again a little later in the article: "By withdrawing the charges against company officials, the emphasis and the pressure is taken off company officials to start concerning themselves about safety. Ten thousand dollars is nothing to Steel Car. They can write that off," said the president of the local."

I think that adequately indicates the attitude of the people even as late as this morning when I was talking to some of them.

We have a problem there and it is one I raised with you before. It is a difficult one, even from the union's point of view. What you really have at National Steel Car, apart from a lousy plant in which to work in terms of safety conditions, is a bonus system or a production system in there. This has probably 75 per cent of the workers involved and they do have a high turnover in that plant; part of it is because of the working conditions. That bonus can mean as much as \$2 an hour.

When you have that kind of a bonus system in operation—about one quarter of the workers aren't on it—you find short cuts are taken and sloppy work on the part of the workers as well. You find that because

production is so damned important to the company, they shut their eyes to some of it. At least they are not very quick to move in terms of the way they enforce the safety regulations.

I got a diagram today from the boys as to how they handle the cranes where this latest death occurred. As I said, the things they are doing there are things that were stopped 15 and 20 years ago at Stelco and Dofasco.

That is one of the deaths currently under investigation as well as other accidents that have since happened. No sooner do we have this case down than we have other accidents in there. You wonder why they wonder at letting the company off the hook on the charges.

What is a \$10,000 fine? What is a short cycle? It is obviously recognized by the ministry itself that a lousy situation exists. I wonder at what stage in the game we are going to get a little bit tough in a situation like this.

Hon. Mr. Elgie: I will have to have Mr. Scott here to find out the reasons for the withdrawal. Certainly there is no willingness on our part to put up with sloppy safety habits.

If we may we will wait and review that with Mr. Scott to see the reasons why it was withdrawn. You don't have that information, do you?

Mr. Mackenzie: It would be interesting. But I think the little piece in the Spectator is interesting too. I would like it addressed. This is quoting the prosecuting attorney, at first: "It was a proper decision to withdraw the charges against management officials at National Steel Car," the prosecuting attorney said today. "I made the decision, it was a fair decision," said Eric Scott of the legal branch of the provincial Ministry of Labour.

"Mr. Scott yesterday prosecuted a charge under the Industrial Safety Act against the company in a branch of provincial court reserved for non-criminal charges under various provincial statutes. He declined to comment on his reasons for withdrawing similar charges against the company's president, plant manager and a supervisor.

"The company had admitted its guilt and had been fined," he said. The union for workers at the plant is critical of the decision not to proceed with charges. Union officials said yesterday that it was only by bringing company officials to court that attitudes towards accidents could be changed.

"The charges against the individuals alleged they failed to take reasonable precautions under the act."

Part of the proof of that is that we have had deaths and injuries since this happened. You tend to get a little bit cheesed off with it.

Hon. Mr. Elgie: I can't comment on it without knowing the reasons that Mr. Scott made that decision. Perhaps we will have him here tomorrow night to discuss them and explain them.

Mr. Mackenzie: Under industrial safety and health I would like also to raise a matter with you that we alluded to. I won't take a lot of time on it. It is the question of the list of chemical hazards that we hope are being checked out for standards. I have to go back to a matter I raised with you in the House. I refer to the Premier's letter of April 24, 1979, addressed to the safety and health people at local 1005.

Hon. Mr. Elgie: What company is that?

Mr. Mackenzie: That is Stelco. The letter from the Premier (Mr. Davis) simply says, "Thank you for your letter of March 21, bringing to my attention the hazards to which coke oven workers are exposed in Ontario."

"I have discussed your concerns with my colleague the Honourable Robert Elgie, Minister of Labour, and I understand he has plans for the implementation for appropriate measures to control worker exposure to coke-oven emissions. He has assured me that he is committed to a program which will allow a low level of exposure to emissions, but he cannot state definitely at this time whether the Ontario exposure limit will be the OSHA standard of 0.15 milligrams per cubic metre."

"Dr. Elgie's ministry is studying the data on which the OSHA standards were based and which I am sure you are aware have been the subject of considerable controversy and litigation in the United States in the two and one half years since they were issued. Studies now being undertaken by the staff of the ministry are designed to define and overcome some of the problems which have developed in attempts to control exposure to emissions in the United States."

"I understand from Dr. Elgie that he hopes to be in a position to outline a strategy for the control of exposure to coke-oven emissions, before the end of the summer."

"Thank you for bringing this to my personal attention." This was signed by William G. Davis and was addressed to Mr. William West, chairman, and John A. Lennie, vice president, of local 1005.

There is a short letter dated October 24, addressed to you, from the same two gentlemen, John Lennie, vice president, and Bill West, in which they say:

"Dear Mr. Elgie:

"We are mindful of the importance of the coke-oven operations to the steel industry of Ontario and we realize how much the steel industry contributes to the well-being of the Canadian economy. However, the safety and health committee of local 1005 are seriously concerned about the health and safety of coke-oven workers in Ontario coke-oven plants."

"On April 24, 1979, the Prime Minister informed us by letter that he expected you to be in a position to outline a strategy for the control of exposure to coke-oven emissions. Would you please inform us if you have decided what standards you intend to issue to owners and operators of coke-oven plants in Ontario?"

"Please find enclosed a copy of the coke oven and cancer booklet from the States. On behalf of the better than 2,000 coke-oven workers in Ontario who are daily exposed to coke-oven emissions, I urge you to give this serious work-related health problem your immediate attention."

That is also a matter I have raised with you in the House. As a matter of fact, I arranged and had a meeting with the entire safety and health committee of local 1005 at 10 o'clock this morning.

What I am concerned with is this list of hazardous substances and the explanation we had from Dr. Mustard as to how you are going through them and the seven for which we expect standards shortly. At least, we hope we will have them shortly. Coke-oven emissions are listed among the 52. I look at the seven we are expecting shortly and I look at the 1979-80 list and don't find them; I look at the 1980-81 list and don't find them; I look at the 1981-82 list and don't find them, and I look at the 1982-83 list and don't find them.

Certainly, there has been a feeling or a hope—and I think more than a hope—an understanding that we were going to have some standards in the coke ovens of this province. That was the gist as I get it, any way you want to interpret it, of the Premier's letter to them.

John Lennie was telling me on Friday that they have established another cancer claim and there are a couple more problems they have traced. These are new ones he has added to his list.

I am wondering what the heck those letters from the Premier mean. We were told we

will have something before the end of the summer, and what we now get, which you told us we got the first time, is a list of the scheduling and we find for four years there is no mention of coke-oven emissions.

What are we to tell these people? I'll tell you, there were some pretty hot people at the meeting this morning when I brought them the list and told them what we knew to date.

Hon. Mr. Elgie: I told you, in answering questions earlier, that substances can be changed on those lists at any time. I think it was in November that Dr. May indicated he was about ready to bring those recommendations to me.

What is the present status, Dr. May? What has been the course of events?

Dr. May: A study has been done of coke ovens here. Hugh Nelson has also looked at them down in the States. He can perhaps tell you exactly what he has found here and how these compare with the ones in the States, which are supposed to be conforming with those standards, but aren't.

Hon. Mr. Elgie: Mr. Nelson, could you answer?

Mr. Nelson: Perhaps I should start off by explaining that there is a threshold limit value, or TLV, that has been published by the American Conference of Governmental Industrial Hygienists. That is 0.2 milligrams per cubic metre for the coke-oven emissions, and that is the benzene soluble fraction, as it is called, of the particulate matter.

This has been used as a guideline for a number of years. We have been surveying industries for coke-oven emissions. Quite frankly, in most areas they do exceed this 0.2 milligrams per cubic metre at certain times. At the present time, we are dealing with the companies and orders have been issued for engineering controls to reduce the emissions. In the meantime, the two companies in Hamilton are on respirator programs to protect the workers. Algoma Steel in Sault Ste. Marie have had a respirator program which has not been compulsory, but will be compulsory at the beginning of the year.

As I say, the companies are developing plans for the engineering controls. These they are retrofitting on the coke ovens. This is not an efficient method of doing things but there is not much else that can be done.

Very simply, the companies are not going to meet emission standards as such without using protective equipment for the time being.

Mr. McNair: Could I add to this? All of the discussions which have taken place have

all taken place in the framework of involving the union right from the beginning in a three-part discussion. They have been aware of the progress in all three plants.

Mr. Mackenzie: Let me just respond to that. These letters, including the one of October to the minister, very clearly indicate they don't know what progress has been made in terms of the standards and they want to know.

Mr. McNair: I was talking about the progress of what is actually being done in the plant. They are aware, and it has been discussed with them.

Mr. Mackenzie: I am aware of a number of things they are doing too and the conditions are better than they used to be. We have never denied that, not by a long shot. What I am saying is the total emphasis of this program to date is basically on the employees.

Really, I am wondering why the Premier sent that letter. Why was it referred to in those terms? Why don't we tell them, "Hey, that is not the truth; we don't have any plans for four years," instead of leading them to believe you are going to have something before the summer is out, or at least give them some indication of where we are because there is certainly nothing in your scheduling for four years?

Hon. Mr. Elgie: Dr. May, at what stage is the development of the regulations for the coke-oven emissions?

Dr. May: We have completed the background work. We have in fact, this week, completed the report which is going to the minister, which contains some options as to how we should proceed in developing a regulation and, if possible, a standard.

It is a highly complex area because of the vast number of substances involved and it is not an easy thing to develop a standard which would bring about the desired result. There are some technological complexities too in achieving those standards.

Hon. Mr. Elgie: Why isn't it on the list that Mr. Mackenzie has? That is what he is asking. He is asking for a schedule in dates.

Dr. May: It can't be scheduled until we have decided which way we are going to proceed with developing that standard.

Hon. Mr. Elgie: Then it will go on the list.

Dr. May: It will go on the list as soon as you have considered that report.

Hon. Mr. Elgie: It will be added to the list, then.

Mr. Mackenzie: I guess then, it's going to get one of these priority—

Hon. Mr. Elgie: Priority ratings, yes.

Mr. Mackenzie: We are not going to be sitting indefinitely waiting for it?

Hon. Mr. Elgie: No.

Dr. May: It is in the total list on that second page.

Mr. Mackenzie: I understand it is on the total list, but you also told us that these were the priorities because we asked you for that. It sure doesn't appear, even up to 1982-83..

Hon. Mr. Elgie: It hasn't been put on the list yet. As soon as the material is given to me, it will go on the priority list.

Mr. Mackenzie: Can you give us some indication of the kind of time frame we are now in on that?

Hon. Mr. Elgie: How near are you to giving me a recommendation, Dr. May? I think we are not very far away, since Dr. May indicates the report is available almost any day now.

Mr. Mackenzie: That would certainly be appreciated. There has been a long fight and whether they are living up to them all or not, I find it difficult to know why we couldn't finally establish them. Even though we went through court cases three years ago which showed they may need revision in the States, we are still sitting waiting here.

I also think it is an example of where we get into some trouble with the workers who are involved. That letter, to say the least in terms of what we found out subsequently and in terms of the kind of prioritizing lists you had, was certainly misleading.

That is my concern. We have to be a little franker, a little more clear in just exactly what we mean.

Hon. Mr. Elgie: I can only presume that at the time that was written it was fully believed that the material would be ready for that time. You also asked me in the House if I had had any discussions with the companies, I believe it was, asking if I would delay it and I have not. I have had no submissions from anyone asking me to delay consideration of that problem.

[8:45]

Mr. Mackenzie: I want to mention a specific complaint. First, I have a number of questions under industrial health and safety, and I would like some answers. I am wondering if you have any idea just how many joint committees have been formed to date.

Hon. Mr. Elgie: Mr. McNair?

Mr. McNair: We don't have any figures. I can't tell you the number of them. There is a substantial number because we have been working on it since well before the legislation came into force. We know they have been formed, but we haven't got a number on them.

Mr. Mackenzie: Before I get on with the rest of these questions, I would like for one minute to go back to the problem of the coke ovens.

A year ago in the estimates we got what I guess was a commitment—I haven't dug up the actual page here although I have it marked in front of me—that there would be some testing done on the respirators. This has been a sore point with some of the workers in the coke ovens. Were those tests conducted? If so, where and by whom? What were the results?

Hon. Mr. Elgie: I remember Dr. May commenting on that at the time.

Dr. May: We started to develop a project with Dr. Gordon Atherley at the University of Toronto. Unfortunately, just as the project was nearing its final stages, he left. He is now the president of the Canadian Centre for Occupational Health and Safety.

Talking with him a couple of weeks ago, he said he thinks this is something of national interest and that it is something which the centre itself should do. He proposes to come up with a plan similar to the one we discussed last year and implement this at the centre, when it is established, and offer this on a national basis.

Mr. Mackenzie: Mr. Minister, I am not sure if you are still with us. However, you should remember Dr. May's comments from December 5, 1978. He said, "One of the other problems we are attempting to resolve is the question of evaluating new types of respirators that come on the market, in terms of their efficiency and in terms of their resistance to breathing, which is a big problem in some cases with a high-efficiency filter. We are currently trying to determine which of three people who have made proposals to us should set up such a test centre here in Ontario. This would mean developing a dust chamber and running a program to test all types of equipment in relation to a wide variety of hazards with which this equipment is intended to cope."

I asked Dr. May, "Are you telling me that we are actively considering that kind of a test operation here?" He replied "Yes."

My own response was "Good," which was obviously much too quick.

Why is it that from December 5, 1978, when we had three proposals apparently before us, to December 17, 1979, better than a year later, you are now telling us that before the gentleman involved could get on with anything, he left and went somewhere else, that we don't have the benefit of his presence and that we are not doing these testings or setting up this particular program? That is over a year ago. I guess I am being overly naive because I thought I had got beyond that in politics, but it sounds to me like a bit of a commitment made in these estimates over a year ago.

Dr. May: Neither of the other two found they could carry the program through, and Dr. Atherley's was the better proposal. As I say, unfortunately he left the University of Toronto and that program has not been followed up on. However, he has said that he will deal with this one in his capacity as president of that Canadian centre.

Mr. Mackenzie: Do we have any idea, Mr. Minister, of what that now means a year later? The other three have obviously fallen through, or two of them. One of them may now be set up; Dr. Atherley's proposal for the centre. What is the answer for the coming year in terms of this contentious point of the respirators?

Hon. Mr. Elgie: Do you have a time frame on that, Dr. May?

Dr. May: Not until the centre has been physically established.

Hon. Mr. Elgie: Then shouldn't we be reconsidering the other two submissions?

Dr. May: The other one was Professor Muir at McMaster. I would assume that Dr. Atherley prefers us to do this in conjunction with David Muir.

Hon. Mr. Elgie: All I can do, Mr. Mackenzie, is to specifically direct that our committee follow up on that.

Mr. Mackenzie: With regard to Professor Muir's submission, I heard some talk about it among some of the fellows involved in the mill. What was the problem with it? Was it one of the three options that you talked about a year ago?

Dr. May: It was one of the three. He felt he had too many commitments to set that one up.

Mr. Mackenzie: Pardon me, Mr. Minister, but once again just what does that kind of a commitment we received a year ago in the estimates mean?

Hon. Mr. Elgie: What it means is that Dr. May had three proposals. They selected the

best one. Arrangements were under way to carry on with it. Then Dr. Atherley, as you will recall, resigned and left. He was just recently appointed president of the Canadian Occupational Health and Safety Centre.

I don't think there is any suggestion that anybody was trying to delay it. A project was accepted. Arrangements for the study were started and then the gentleman who was to carry out the study happened to leave. There doesn't happen to be any other person at the University of Toronto who has that particular capacity.

Mr. Mackenzie: Was any effort made to rethink or rediscuss the other two options with the people in terms that if there were at that time three supposedly legitimate proposals, they could simply adjust their proposals or could carry through with the kind of evaluation and testing on the respirators that was necessary?

Dr. May: Of the remaining two, other than Dr. Atherley's, the only one worth considering was Dr. Muir's original proposal. As I say, he felt he had too many commitments to set this one up at that time.

Mr. Mackenzie: What are we talking about in terms of the physical availability of the centre?

Dr. May: The last information I had was that within six months they should have decided on the physical location.

Mr. Mackenzie: How much time is necessary after that decision on the physical location before they are able to get into any specific projects?

Dr. May: I would think within three to six months.

Hon. Mr. Elgie: I will ask now, following that, Dr. May, if you will speak to Dr. Muir to see if there is any way that that can be hastened. I share your interest in the problem. You will appreciate the difficulty we have run into.

Mr. Mackenzie: The point I'm making is that what has happened here is the one-year gap now, where we are absolutely no farther ahead than we were a year ago. Now what you are telling us, supposing you act—and I trust you will raise it—we are going to wait another year. That is six months for location, another three to six months before we even get into a position to start doing the tests we were promised a full year ago.

Hon. Mr. Elgie: You will agree that that was a little bit beyond our control. We had applications for a project. We accepted

one and agreed to fund it. Then the particular researcher happened to leave.

Mr. Mackenzie: I trust Dr. May is right, but it is going to be interesting to talk to some of our people in the health and safety field who can tell us whether or not there were any other options to do the testing on these respirators. I would sure like to know.

Hon. Mr. Elgie: Who else? Was there someone besides Dr. Muir? Dr. Muir just said he was too busy to handle it. Was that it?

Dr. May: At that time.

Hon. Mr. Elgie: Perhaps we can explore with him again to see if he could now consider it. He has a good laboratory over there and a fine staff. If he can find time to proceed at an earlier date—I don't see any reason since Dr. Atherley will in all likelihood be in Hamilton—why he couldn't get the groundwork started. However, we will follow that up again. I wasn't aware of that.

Mr. Mackenzie: To go back to the questions I started before when I went back to the point I had missed there for a moment. Is there any effort to quantify or keep track of the number of committees as they are established; the joint committees? Is there some value in getting an idea of how they are being set up, how fast and how many, in the work place?

Mr. McNair: Yes, we have already amended our report form with a space on it to report the various types of committees that have been formed. We have information on individual companies and their efforts to establish. We just haven't added them all up and said, "Here is the number we've got," because they are all in a different state of organization. We feel this would be the kind of thing we would begin to do by about April 1. We will be starting to put them into the computer system and then it will spill it out. We feel there was some time needed to get these things organized beyond a mere hope and an indication that they intended to set them up.

The number of reports we have studied clearly indicate that there are committees being formed and they are all at various stages of development. I think there is a substantial number of them.

Mr. Mackenzie: Can you tell us how many applications have been brought by employers under S82 for approval of committees or arrangements of a like nature?

Mr. McNair: I could not.

Hon. Mr. Elgie: Mr. Heath?

Mr. Heath: As I recall, there are four or five.

Hon. Mr. Elgie: Have any of them been granted?

Mr. Heath: Not at this time. There are a couple that are ready, but I don't believe the minister has signed the letters approving them at this time.

Mr. Mackenzie: We have only had four or five applications, none of which has been approved to date. Has any of them been denied?

Mr. Heath: None has been denied at this time.

Mr. Mackenzie: The four or five are in limbo then?

Mr. Heath: We have a detailed checklist of information requirements which we send back to the organizations and ask them whether they have consulted with their workers, and whether the workers support the approval of the alternative arrangements. We correspond with the workers and sometimes the local committee or some representative of the workers to attempt to establish this. At various stages, the dialogue goes back and forth to make sure the information is complete and that the committees will provide arrangements that are as good as or better than those that were provided under the act.

Mr. Mackenzie: I think you really answered the fourth question I had. That was are trade unions, or where there are no trade unions, the workers, advised of the employer's application? In effect you have told me you go through that process.

Mr. Heath: There are two questions in the checklist that address themselves to that issue. We ask employers to get evidence or demonstrate to us very clearly they have the support of workers. The letters we have in process, the ones we will be putting forward to the minister, indicate that the approval of the arrangement is conditional on their maintaining an effective occupational health and safety program and that the arrangement continues to have the support of the workers in the organization.

Mr. Mackenzie: Has the minister received any request for help under SA14 to require an employer to agree to a joint health and safety committee or to sort out disputes about how many committees should be formed or how many worker representatives should be seated on these committees?

Mr. Heath: Not directly. We may have had approaches to members of the inspectorate we are not aware of at this time, but we

have had no such request I am aware of at this point.

Hon. Mr. Elgie: Are you aware of any, Mr. McNair?

Mr. McNair: No.

Mr. Mackenzie: Are hospital members of the Ontario Hospital Association going to set up joint committees in accordance with the act? Have any done so?

Mr. Heath: It is our understanding that was the approach they were going to take. We know there has been concern on the part of workers that perhaps they would not do so. We have not addressed the question to them directly. We would naturally assume they would comply with the provisions of the act. Actually, we haven't sought to ask them that question. We just assumed they would abide by the act.

Mr. Mackenzie: When will the ministry be ready to proclaim regulations for firemen and police, education and other sectors not previously covered by the legislation?

Mr. Heath: These are under various stages of development. We have been holding what you might call tripartite meetings with representatives of the various groups. Each and every one of those three groups you refer to has adopted a somewhat different approach to regulation of the sectors.

In the case of the hospital sector, we have been asked to proceed with the drafting of regulations. Drafts have been prepared and a further draft is under review.

In the case of the firefighters, we held an initial meeting with them. They then chose to meet without the Ministry of Labour present and to discuss the issues in the firefighting sector. They were to hold a meeting on December 12, which they cancelled and no doubt will reschedule. We are not yet certain as to just what approach to regulation they wish to take.

Essentially, it is in the hands of the employer and worker organizations and we have spoken with them. In particular, we have addressed the worker organizations to ask, "Are you satisfied with the report?" They have indicated they were.

[9:00]

In the case of the police officers, much the same type of discussion has taken place. They have had further discussions about the possibility of establishing some hierarchy of committees within the police sector.

We suspect that to a degree the workers in both groups may choose some form of self regulation with some minimal regulation on the part of the Ministry of Labour. These

are details they are working out. We've essentially addressed these groups and said to them, "You advise us as to the type of regulation you need to deal with the unique characteristics of your work places and the conditions under which you have to work." They voluntarily chose to virtually caucus on their own and to discuss this before coming back to us with some firm proposals for further discussion.

In the case of the police and the firefighters I'm afraid we are not in a position to give you a date. I would suspect that in the case of the hospital sector we will have a revised draft ready to discuss again and send out for distribution very early in January.

Hon. Mr. Elgie: You will recall that in the area of education the university group and the Ontario Teachers Federation asked for a delay before there was any consideration. I think they asked for about two years to review it. What stage are their discussions at, or do we know?

Mr. Heath: In the case of the educational sector we have had discussions with the primary and secondary school teachers, the school trustees, representatives of the Ontario Teachers Federation, representatives of the school business administrators organization—I forget the name at the moment—along with the Ministry of Education. Two meetings have been held, one in June and one in October. There was a little bit of a problem with that one because of negotiations at that time. We expect they will be meeting again very shortly and discussions are in progress.

In the case of the university sector, we met with the representatives of the Council of Ontario Universities a short while ago to discuss the approach they are taking. They are moving voluntarily, or appear to be moving voluntarily, into a hierarchy of committees, along the lines of the joint health and safety committees, with representatives from all parties. They have a very complex structure in the university sector, so they have to have representation from a number of areas. Through that hierarchy of committees they expect to bring forward suggestions as to the manner in which regulations should be established for that sector. We will be meeting with them again very shortly on that.

One of the other sectors which has been excluded from the act is the agricultural sector. We plan to have discussions with that sector to look at their particular problems which are perhaps even more complex than in a number of the other sectors. In their case, it will probably be some form of specialized

regulation dealing with particular problems, rather than very general regulations in the first stage.

Mr. Mackenzie: I gather the police and firemen are more or less on their own and you are now reviewing the health and agricultural workers.

Hon. Mr. Elgie: They are on their own, but we can get in at any time. They are not isolated in that sense.

Mr. Mackenzie: I understand that.

Mr. Heath: We still have to hold a meeting with the agricultural sector to set those up and our plan is to do that.

We met some other groups. One particular sector which emerged as a unique sector was the dental sector. We met with the dentists and representatives of the dental hygienists and dental nurses. The worker organizations have agreed to work with the dentists association and the college of dentistry to set up a self-regulatory mechanism, recognizing that the Ministry of Labour would be behind and watching this type of self regulation. It is a question of setting up. There are other small groups, unique groups that are concerned about their particular problems.

Mr. Mackenzie: You haven't ignored any of them?

Mr. Heath: No, we are addressing them. We've identified a number and today we were having discussions with one group that might have emerged as a rather special group because of their special working conditions. We're looking at every sector which has unique characteristics to make sure the regulations that are put in place are practical and workable in those particular areas.

Mr. Mackenzie: It sounds to me, Mr. Minister, as if we should not have to ask either you or your successor this question in the estimates a year from now. They should be all set.

Hon. Mr. Elgie: Is that a commitment?

Mr. Mackenzie: How many refusals to perform unsafe work have been investigated in the most recent period for which the figures are available?

Mr. McNair: In 1978-79 there were 81.

Mr. Mackenzie: There were 81. How many times was discipline of the refusing employee involved and how was the matter resolved? Did the inspector succeed, for example, in having the discipline lifted? Did the union file a grievance?

Mr. McNair: Thirty of the complaints were substantiated and 51 were not substantiated.

Mr. Mackenzie: In other words, in 30 cases they—

Mr. McNair: They were all resolved in some way. Usually once the inspector has made a decision the resolution of the problem is between the two other parties, and we pull back and leave them to resolve it. There are none that have gone to any kind of prosecution or anything like that.

Mr. Mackenzie: Have you any idea how many discipline cases may have resulted or whether any union grievances resulted?

Mr. McNair: Not very many. I can't put any numbers on it.

Hon. Mr. Elgie: Mr. McNair, the information I have here, correct me if it's wrong, is that only in one incident was the employee disciplined. She was fired. The ministry brought the company to court under charges of violating the act and the company was subsequently fined. The employee did not pursue any remedy she might have had. Are you aware of that?

Mr. McNair: That was during 1979. That's the current year. It wasn't in connection with a refusal to work, it was somewhere else.

Mr. Mackenzie: Does that cover applications or complaints that have been made to the Ontario Labour Relations Board over employer discipline of an employee who refused an unsafe job? Is that the only example that we have?

Hon. Mr. Elgie: The only information I have is for the first and second quarter of 1979.

Mr. Mackenzie: Have there been any cases of frivolous refusal to work?

Mr. McNair: I pass on that one.

Mr. Mackenzie: Are you saying that some of the 51 cases not substantiated may have been frivolous?

Mr. McNair: You know what I said last year and I'm not going to get into it all over again.

Hon. Mr. Elgie: He wouldn't say that. He might over a cup of you know what.

Mr. Mackenzie: I think I may have part of the answer for you, Mr. Minister. I'm not sure that you prepared the booklets, but has the ministry an explanation of the act that can be used by workers, similar to the guide prepared for the Industrial Accident Prevention Association for employers?

Hon. Mr. Elgie: Yes, we have. In how many languages are those published?

Mr. Heath: The explanatory booklet is still in the draft stage and is being checked out by legal. How we will use it is a question we still have to address, but we have prepared an explanatory booklet.

Hon. Mr. Elgie: It's under legal review now?

Mr. Heath: We have also prepared, for posting in the work place, information about the rights, duties and responsibilities of employers and workers in a number of languages including French, Italian and Greek. It is printed in about four or five languages, initially. We plan to develop and print it in other languages as the need arises. At the moment, the demand seems to be for Italian, Portuguese and Greek. We have large posters that will be available for posting extracts of the act. That will not be in layman's language; it will be in the language of the act. We have official translations available.

Mr. Mackenzie: What is the response to complaints I have had, though not in the last week? I must confess I have not personally tried to verify them, but about two or three weeks ago I received a call from Paul Falkowski. Last week I had a call from—I forget who the chap was. In both cases, they told me that quantities of the regulations and the acts themselves were not available for schools. Even though they're advertised, when they called the bookstore they weren't available. In the second case, I was told they could get up to 12 copies or something, but no more than that. Are the act and the regulations available in quantities so that they can be picked up should somebody want them? Is it a fact that people have been unable to pick them up over the last few weeks?

Hon. Mr. Elgie: This is at the bookstore?

Mr. Mackenzie: Yes. Knowing Paul Falkowski, I would say he probably called anybody he could get to them.

Hon. Mr. Elgie: I recall there was one two- or three-day period in which they were in short supply. What has been your experience? Have you had any problem with that?

Mr. Heath: Yes. Apparently, there was a printing problem and short delivery. We had to ship part of our supply from the ministry to the bookstore to satisfy demand. The arrangements that were made were such that reprints would be ordered as demand grew, but there was a period of time when we had orders for large quantities—150 or 200 copies at a time. We didn't investigate the reason for not actually supplying them.

In one case, Mr. Falkowski approached us, I think for 200 copies. We made arrangements to release them from our own stock in order to satisfy that particular demand. He asked me personally for them, and I gave him something in the order of 30 copies that day for his own use. It has been a demand-supply situation, I can imagine the demand on the bookstore.

Mr. Mackenzie: Should that problem now be resolved?

Mr. Heath: We hope so. We're following it up, and monitoring it to see it's resolved.

Mr. Mackenzie: I know you've sent us a couple of copies, which I appreciate. Is there a cost for those three little books, the regulations, the small green book you're using, and what is it?

Mr. Heath: The cost is \$1 a copy.

Mr. Mackenzie: For each of the three or for all three?

Mr. Heath: For each of the three it is \$1. A complimentary distribution has been made. We've adopted a policy of making complimentary copies available to those people who approach us on an individual basis and who clearly would be inconvenienced by referring them to the bookstore and to those people who write to us in good faith asking for a copy of the regulations. The policy we've established is to make a complimentary copy freely available. Where quantities are required, we are selling to the bookstore.

The sale of these publications is in accordance with a directive of Management Board of Cabinet which requires that publications be sold unless, under very special circumstances, there's a need to make complimentary copies available. We believe by making those available to the unions, to other organizations and to those people who are going to be inconvenienced we have met the intent of that directive.

Mr. Mackenzie: With respect to those complimentary copies, just for the sake of argument, there may be a committee, but if the president of a local, for example, is the activist in the local, can he get a copy of that, or would that just go to the chairman of that particular committee, or would it even go to that committee? Would there just be a certain number on some kind of a list you have or for that specific union or what have you?

Dr. May: They have been distributed by the line branches. In fact, the mining health and safety branch has distributed 5,000 copies.

[9:15]

Mr. McCrodan: They are all gone, anyway.

Mr. Mackenzie: Do you mean that if we had some more miners they couldn't now get them?

Dr. May: The request from Mr. Falkowski was in relation to a school that was being held in Thunder Bay. Was that the one?

Mr. Mackenzie: That's the one.

Dr. May: He came to us two days before that, saying he couldn't get them through the bookstore. I think we made 150 available to him through the office at Thunder Bay.

Mr. Mackenzie: What kind of programs has the ministry prepared to help joint committees identify hazards and set up health and safety programs?

Mr. McNair: The principle is that contact be made during the regular cyclical inspections in which we contact the union representative and discuss with them the problems which have come up. Then the union representative accompanies the inspector on the evaluation part of the internal responsibility system audit. This is the learning process that is going on. The development of this system has been going on for the last 18 months. That is the principal exercise we go through.

Mr. Mackenzie: Have any director's orders under S20 been issued to date and, if so, on what substances or processes and in what firms or work places?

Mr. McNair: No.

Mr. Mackenzie: None? That's quite a surprise, isn't it?

I think this is part of the slip you gave us on the scheduling, but I'm not sure. I refer to the compiling of an inventory of toxic substances under S21.3 for the purpose of identifying new biological or chemical agents. I presume that is an ongoing process in any event.

Hon. Mr. Elgie: I think Dr. May discussed that a little earlier.

Dr. May: Yes, I did.

Hon. Mr. Elgie: Do you want to review it again?

Dr. May: Perhaps you remember previously we started attempting to assemble an inventory by taking a checklist around to many of the companies. The inspectors would leave this and call back. We found this was not a very satisfactory method. It wasn't bringing information in fast enough. We studied a number of other jurisdictions' attempts to do this and we now feel the best option is to adopt an inventory which is already in existence.

The one which at the moment is our preference is the one by the Environmental Protection Agency, which contains some 46,000-plus chemicals in terms of which for the majority there is a considerable amount of useful and accurate information available. We feel by adopting this we are going to shorten the process considerably.

Basically, we're looking at two types of substances, the old ones and the new ones. We would feel if at some designated time a substance is included in that list, then we know we have a fair amount of information available to us concerning its properties, its health effects and so on. A substance which doesn't appear on that list would be a new one. Its use wouldn't be permitted until that information was made available to us. If that information wasn't available, then this brings in the next phase, namely, a requirement on that company to produce test results. That thus fulfils the several requirements: the development of an inventory; the identification of new substances; and the pre-testing of those about which there is inadequate information.

Mr. Mackenzie: I presume there's some kind of cross-reference between the EPA, if you're using their inventory, and new substances you might pick up in the course of your work. Have any such new substances been tested and an order issued prohibiting or restricting a particular kind?

Dr. May: We haven't established this inventory or set up the system yet.

Mr. Mackenzie: There has not yet been an example to follow through?

Dr. May: Not yet, no.

Mr. Mackenzie: I have only about two or three other things, which shouldn't take very long.

With respect to Royal Industries, I'm looking at a field visit there, I think on October 3. This deals with the 60 or so asbestos workers at the Kimbel Street plant in Mississauga who refused to work because of unsafe conditions. Their complaints covered a number of areas.

To quote from the report: "Several of the above concerns, the concerns we've listed, were fumes in the gasket area, asbestos dust over the parts department, no lunchroom facilities, no eat-and-change room and receiving area, exhaust on grinders not properly fitted, asbestos dust in the mixing room, no air circulation, asbestos still being fed into machines by shovel."

What I found interesting about it in talking briefly to them was that this sup-

posedly is the new plant. One or two years ago we raised the issue of the conditions in the old plant with you. The answer at the time was that it was pretty difficult to get them to spend money on the repairs that were needed when they were putting in a new plant.

I notice the report says: "Two vacuum cleaners were then used to try to correct this problem, but are yet not successful. This concern still exists and orders to employer are left to correct them."

Concern No. 6 in the field report notes: Asbestos has to be shovelled into mixers, but this is a temporary measure until the automatic feeder system is completed. The central exhaust system is not yet completely installed."

I am wondering just how tough we're being here. Several concerns were found obviously to be valid. Orders were issued to the company. Workers were apparently informed by the company that it would take two weeks to make the necessary changes and, if the men did not want to work under these conditions, they would be laid off for two weeks. My question to you is why should the workers be paying the penalty for the unsafe conditions in the plant?

Hon. Mr. Elgie: What's the present status of your review of that particular company, Mr. McNair?

Mr. McNair: They have moved to the new Mississauga plant. This whole matter has been discussed between the union and the employer. On our part, we have very frequent inspections there. This is one that Mr. Mackenzie was mentioning. The trouble with a lot of the equipment that is put in is it takes time to install. These situations do exist. Just very recently they moved to the Mississauga plant from the plant where we had improvements made.

Hon. Mr. Elgie: I'm just noting that there was a field visit on January 30 that resulted in some direction for 10 locations; another sampling in April which resulted in some further orders for nine locations; and the final combined engineering and air sample survey in August showed that only three of 19 samples were above the TLV.

Mr. McNair: This was in the old plant, which they have moved from.

Mr. Mackenzie: October 3, 1979, is the date of the visit. The requests I have outlined to you are in the new plant. The instruction to the workers is that if it's going to take two weeks to incorporate changes,

they will lay them off for those two weeks. As I understand it these are instructions or valid orders or whatever you want to call them.

Mr. McNair: The order they have is that they must protect the workers, and they are protected by the use of respirators. They are wearing respiratory protection.

Mr. Mackenzie: I know this has also been a touchy issue. With respect to the safety committee at Radio Shack, what is the status of safety committees where there is a labour dispute and where the union has named people as responsible?

The best way to give it to you is the statement or the complaint of Donna Cado-gan at Radio Shack on November 19, 1979. As I understand it, the complaint is as follows: "In the old warehouse, the fire exit doors were wired shut and skids of boxes were piled in front of the doors. I spoke to my alderman at his house about this and he said he would notify the fire chief the next day. Approximately two days later, we noticed the skids of boxes were being moved and the wire was being removed from the door.

"Approximately one hour later, a representative from the fire department arrived and inspected the warehouse. I again got in touch with my alderman and explained what happened. He said the fire department had to notify the company that they were coming to inspect the premises. As soon as the fire official left, everything was put back in front of the doors and they were wired shut again."

My concern in this case is that the USWA is appointing three representatives to the safety and health committee. Mr. Falkowski wrote to Mr. McNair pointing out several violations of Bill 70 by the employer. We have got some of the letters here, which I won't read into the record. The response, in effect, was that prosecution in the present circumstances is not an appropriate response. They did not deny that any of the provisions of the act were broken, but rather they made the decision themselves not to prosecute.

My concern with a response in a case like this is that it is the same complaint I have made about some of the general attitudes. It shows a bias as far as I am concerned, that just because there is a dispute there, prosecution is not under the present circumstances an appropriate response. It is a bias that certainly is not on behalf of the workers.

I am not sure civil servants have the right to make that kind of a decision. I am wondering if this is a directive from the minister or from the ministry in a case like this. It seems to me that the job is to verify whether or not a violation has taken place and then to see that the violations are resolved and not to indicate that because of the present circumstances it is not an appropriate response.

Hon. Mr. Elgie: I don't think there is any doubt that those are the instructions. I don't have a note on the Radio Shack situation.

Mr. McNair: The situation is that we received a letter from Mr. Falkowski. He was talking about prosecution with regard to the establishment of a safety committee. He said that because they do not have a safety committee at this time they should be prosecuted for that. I have not received any list of contraventions or problems which they have in that particular plant. Mr. Falkowski indicated to me on the telephone that he did have some of these. I said to him I assumed he would be sending these to me. I have not received any detailed list from him.

In my letter I also indicated to Mr. Falkowski that because of the specific circumstance of the plant being on strike, I was requesting the legal department for additional information on what the direction should be in these circumstances, namely, who were to be appointed as representatives of workers who were in the plant.

This is at present up in the legal branch, and we are anticipating some response there soon. The particular part of an appropriate prosecution then was strictly on the establishment of safety committees in the circumstances where the union was on strike.

Mr. Mackenzie: My response to that is that you get cases with a number of potential violations or problems. When there isn't a committee and when because of the circumstances you can't set one up, it is one thing dealing through an alderman or the local fire inspector, but it is another thing with some types of workers on the job.

The other one dealt with Canadian Gypsum. It is the same kind of a problem, but there is not a hell of a lot of use raising it now. Hopefully, there may be some committees there, but now that the union organizing drive is down the tube, the feeling is that the circumstances, in effect, took precedent over the appointment by the workers' rep of a committee in that particular location.

Mr. G. I. Miller: Can I have a supplementary on that with regard to Canadian Gypsum? Can they not set up a committee without being unionized?

Hon. Mr. Elgie: Sure they can.

Mr. G. I. Miller: And they can get the same results from the Ministry of Labour?

Hon. Mr. Elgie: Not only can they but they are required to.

Mr. Mackenzie: I have a final issue which I am not going to go into, but I have a very short question. It deals with the arsenic situation at Red Lake which, I had a fair amount to do with it. There may be others who want in. I know that Mr. Martel has a couple of cases of some considerable concern. I am having trouble understanding the arsenic situation at Red Lake and the measurements that are involved.

I am aware of the Carnow report. My understanding in any event is that the testing for arsenic concentrations in the workers there was largely done with urine samples. As a matter of fact I think that was all that was originally involved. I noticed in the Carnow report that urinary arsenic levels reflect only exposure over the previous 24 to 48 hours and may also be affected by certain foods. Hair and nails, on the other hand, reflect cumulative exposure over the past two or three months. Once arsenic enters the hair and nails it remains fixed there for many months and years to come.

Are we looking at the arsenic situation there now in terms of proper identification, or is it still strictly urine samples?

[9:30]

Hon. Mr. Elgie: Dr. Robinson, are you familiar with those details? Don't be frightened, they won't bite—I think.

Dr. Robinson: It is not a single-pronged attack in this location to get an evaluation of the personal exposures and body burden. The urine samples are being taken as an index of general background exposure. We feel it does have some meaning and, in addition to that, hair samples have been collected. The analyses are not yet available. They will be analysed by neutron activation which will tell us something about the amount absorbed and deposited in the hair during a period of growth of the hair.

We should be able to identify the exposure over a period of time by that means.

Mr. Mackenzie: My concern—and it is a matter which I know has come to your attention; I have copies here of some of the letters from Stewart Cooke to you on the matter. My concern is the consideration of the workers involved; the government failed to act very quickly and didn't really consider the problem a serious one until the company at Dickenson Mines, had Dr. Carnow do it.

independent study which confirmed the fears of both the company and the union at the time. It seems to me we were really left standing at the starting post on that one and didn't seem to take it seriously ourselves.

I am just wondering about the whole question of the first tests, which were simply urine samples. I don't think they were giving us a true indication of the problem.

I refer you back to the letter you received on June 6, 1979, from Stewart Cooke and I would be interested in your response to some of the specific points he has made.

Hon. Mr. Elgie: I would like Dr. May to speak to this because I went up there and, as a result of that, there is now a fairly well-defined program in place in both the mines in Red Lake.

Dr. May, have you got the details on that?

Dr. May: Yes there is a medical surveillance program for arsenic in the mines in the Red Lake area. There is also a study designed to monitor levels of arsenic in the air and also to monitor the health of workers on a continuing basis.

There is a health survey which has been started by Dr. Fitch and Dr. Pelnear in the occupational health branch and the special studies branch. This started mainly in the week of September 10, 1979, with a team of occupational health nurses and technicians and physicians.

We went to Red Lake to carry out the initial surveillance program. Both Campbell and Dickenson Mines, which are the two involved, have submitted lists of employees exposed to arsenic in the course of their work. Some 130 men are being surveyed by the team and will continue to be surveyed by the team. At the same time, Dr. Carnow is also doing his investigation on behalf of the company.

Mr. Mackenzie: Has Dr. Carnow's report been accepted as valid, or is there some dispute over his results?

Dr. May: This is one of the things we are trying to check out, because there were some inconsistencies in that study, particularly in terms of the levels detected.

Mr. Mackenzie: Is there any real argument over the more accurate identification of arsenic levels, the hair and nail samples as an indication?

Dr. May: There is still some, because it is dependent on the methods which are used to analyse the samples. Maybe Dr. Robinson would like to expand on that.

Dr. Robinson: Yes, there is some difficulty in accepting some of the results because the full details of how they were obtained haven't been disclosed. One of the difficulties is we are not sure how the hair samples were treated prior to analysis. If the hair samples weren't adequately washed prior to analysis, they may have been contaminated with arsenic-loaded dust.

Mr. Mackenzie: Did you attempt to check with Dr. Carnow as to whether this was the case, or to verify what happened to the handling of the hair samples?

Dr. Robinson: We have some information, but it is by no means clear as far as I am concerned about whether they were adequately washed.

Mr. Martel: My understanding is that most of these tests, or many of them, were conducted in the United States, in Chicago.

Dr. Robinson: Some of them were, but they were divided between at least two different laboratories.

Mr. Martel: That would be some indication that—I presume they washed before they left and the danger of it remaining in their hair should be somewhat reduced, I would suppose.

Dr. Robinson: It is a very tricky matter to prepare hair samples for analysis for trace elements, and a small quantity of dust can produce very spurious results.

Mr. Martel: I would sooner we err on the side of the results that are indicative there is a problem than the other way. My experience is we have had a tendency to err on the wrong side in this province for a good number of years.

Mr. Mackenzie: I think in this case you erred in not taking the thing seriously enough until other people got involved.

Hon. Mr. Elgie: I can't comment on that except to say that my report was the staff are acting appropriately and certainly, from my own visit up there I know tremendous innovations are taking place. As you know, Dr. Carnow's report indicated the main problem was hygiene.

Mr. Mackenzie: I know. Certainly, the feeling of some of the union people who were also involved was that it was not taken seriously, or that the union involvement in it seemed—from some of the comments that were received—to indicate some bias in the testing and who was called in for the testing, and whether or not, they in fact had the goods.

Hon. Mr. Elgie: We have had no problem with Dr. Carnow in my ministry. I have met with him myself.

Mr. Mackenzie: I don't think the problem was with Dr. Carnow.

Hon. Mr. Elgie: I don't know what you are talking about there.

Mr. Mackenzie: For the time being, I am finished on this vote.

Mr. Chairman: Mr. Newman.

Mr. W. Newman: Mr. Minister, you basically deal inside the plant as far as occupational health is concerned. What relationship do you have with the Ministry of the Environment? They have their laws, they have their regulations about emissions and so forth, outside the plant. Do you have a close working relationship with the Ministry of the Environment regarding these toxic substances, as we call them?

Hon. Mr. Elgie: We act as a resource to them, but in the particular case of Red Lake we sort of organized it so they were part of the team that went up there to carry out environmental studies. I don't have a report on the results of those, or what the day-to-day events are. Do you know anything about that, Dr. May?

Dr. May: About the Ministry of the Environment?

Hon. Mr. Elgie: Yes, and the studies they are doing up there.

Dr. May: No, not unless Dr. Fitch has any.

Hon. Mr. Elgie: No, we haven't been informed of the results, but they were involved last summer in the beginning of some environmental studies with regard to arsenic in that area.

Can we give other examples of our relationship with the Ministry of the Environment?

Dr. May: Yes, the Ministry of the Environment does rely heavily on Dr. Fitch's special studies branch for medical support for its program and for the consultation relationship. This has been evident in terms of Port Hope. The Ministry of Housing, the Ministry of Education and a wide variety of other ministries use this facility to support their programs.

Mr. W. Newman: May I ask a question? If you clean up the inside of the plant for the workers so that in the case of lead emissions, which is a good example, you have made it satisfactory for the workers inside, what about the people outside the plant? If you put the emissions up the stack, so to speak, once they get out in the

atmosphere who is then responsible? Is it Environment? Do you have anything to do with it?

Hon. Mr. Elgie: Just as a resource.

Dr. May: Junction Triangle was another one for which the special studies and services branch reports to the Ministry of the Environment. On a number of occasions it supported programs for Metropolitan Toronto.

Mr. Chairman: Have you any more questions, Mr. Newman?

Mr. W. Newman: Only to clear the record, because the agricultural sector was brought up earlier. There was a request of the agricultural sector. The Ontario Federation of Agriculture specifically asked the minister for exclusion until we had a chance to have discussions and come in by regulation at a later date. I just want to set the record straight for your colleague.

Item 3 agreed to.

On item 4, mining health and safety:

Mr. Martel: It has been a long time since I have made a wild allegation.

Hon. Mr. Elgie: I figured you were here for something. Will it happen now?

Mr. Martel: It might as well happen now. In the days when I was making some of those wild allegations, people were telling me I was dead wrong. I would remind you of the sintering plant in Inco. People said we were wrong. Those of us without any medical training had to fight that case almost alone.

Then we went to Elliot Lake where we had a problem for a number of years. Then we had a problem with industrial deafness for many years. I will come back to that when I ask the minister how the report is going on industrial deafness. I would indicate I appreciate the committee he established to look into it.

Then we had the famous Aimé Bertrand case where, after five years of fighting, we were able to establish that he had laryngeal cancer. They said it was not from asbestos but from nickel dust. What I want to talk about is cancer from the mines in the Sudbury basin. Am I right in assuming there is a study going on in some way with respect to the possibility of lung cancer in miners who are exposed over a lengthy period of time to dust underground?

Dr. May: This is being done by the special studies and services group in conjunction with the Workmen's Compensation Board. Maybe Dr. Muller or Dr. Fitch would like to update you on this mortality study of mineworkers.

Mr. Martel: I would appreciate that because I want to get into this in a little bit of depth.

Dr. Muller: In co-operation with the Workmen's Compensation Board, we are at present carrying out a study on miners. This mortality study covers all groups of miners with five years or more mining experience and uranium miners with one month or more mining experience.

Mr. Martel: A month?

Dr. Muller: Yes, as far as uranium miners are concerned. For other miners, it is five years or more. At present, we are speaking of about 16,000 uranium miners, and we have over 30,000 other miners in that study. A further limitation for other miners is that they were known to be alive in 1955 or later. The reason for putting in that limit is that it means they worked in 1955 or later. We remove from the study people who last worked earlier than that because we find it difficult to do an appropriate death search before then.

We have a nominal roll of these people, which at present is in Statistics Canada. They are supposed to have done the death search by the end of this year, but I am afraid we won't have it before April.

Mr. Martel: Let me ask what is probably an obvious question to you, but certainly is not to me. In your studies, is there some indication there might be a relationship between silicate dust, silicosis, leading to cancer?

Dr. Muller: I can't make any judgement on that now because we haven't got the data yet, but we are certainly going to make comparisons and look at causes of death in silicotics, as compared to other miners. What did these people die of? We are going to compare gold miners, nickel miners, iron ore miners, et cetera. We hope to get quite a number of different types of answers from that study.

Mr. Martel: I'm not saying we will, but we might come up with a link between silicosis and cancer of the lungs.

Dr. Muller: Yes. At present the general consensus is there is no such link. It is not the same as asbestos and cancer. It is a different sort of situation.

9:45]

Hon. Mr. Elgie: Who do you use for the control group for this cancer study?

Dr. Muller: We are using several control groups. We are using the northern Ontario population. But we would also like to use non-uranium miners as control groups. That means comparing non-uranium miners with uranium miners. As long as we find there are

no significant differences between individual types of mines.

Hon. Mr. Elgie: But that is all predicated on the fact that you have had a normal control group, like the population of Ontario, first.

Dr. Muller: Yes. For example, in uranium mines we want to distinguish between the effects of radon and its daughters and possible other non-specific things, particularly smoking. There is good reason to believe that miners and blue-collar workers generally smoke more than white-collar workers. Their general life style—

Hon. Mr. Elgie: You have a blue collar on. Is that significant?

Mr. Martel: That's just Tory blue.

Dr. Muller: The general lifestyle of gold miners or iron-ore miners is closer to the lifestyle of uranium miners than the general population of Ontario.

Mr. Martel: Are you also looking at the effects of diesel fumes?

Dr. Muller: Yes, that is another area in which we are very interested. We are going to compare mines using diesel equipment and non-diesel equipment. We are particularly looking at salt mines from that point of view, because in salt mines we have practically no toxic substances, no hazard, except diesel fumes. So that gives us a very good approach to study the effect of diesel fuels. It is such a pure, clean situation apart from diesel fumes.

Mr. Martel: I have nine men in one mine who to my knowledge are presently suffering from cancer of the lungs. All developed cancer from one mine at Inco. They are at various stages of appeal to the Workmen's Compensation Board. Some haven't started yet. One is in Princess Margaret Hospital. I have only the names of seven right now, but I must say it seems strange to me that we have nine people at present who all worked at one time or another for the same mine and all now suffer from lung cancer. They are fairly experienced men who have given considerable amounts of service. Our problem is to try to convince the Workmen's Compensation Board that this collective case is higher than the average. We have nine men from one shaft in one mine now all suffering from cancer—in one mine I mean, I shouldn't say one shaft, but in one area of one mine. To have eight or nine men with lung cancer at the same time certainly is an indication that there is a problem.

I would like attention from the ministry to the seriousness of this situation. We cannot be sure what has caused the illness of these men. I guess if they are elderly, it could have

been 25 years ago when they first developed their illness. At that time there may have been insufficient quantities of water being used in the drilling. I checked to make sure that nickel was a carcinogen and it is obviously now recognized as such.

It is interesting that the compensation board recognized Aimé Bertrand's case, not for asbestos but for nickel. But we have all of these men. I suppose if that is the case with the new conditions of mining, it is probably less of a possibility that it would come from the present type of mining with more water being used, better ventilation and so on.

I think that I would ask that the ministry contact Jim Hickey of the United Steelworkers to get the background on those nine men and immediately open up some sort of investigation into what is going on. I not only have them in mind with respect to that mine. I have a case concerning a man who worked underground for 45 years. I have not presented this case to the board yet, but I have a surgeon's statement on the case which I am going to present to the board when I collect enough documentation. Unfortunately, it is rather difficult for a layman to put this thing together.

Let me indicate the surgeon's final statement with respect to this constituent of mine. He says: "Most of this man's close working companions have died of lung cancer. Although there are the usual reservations concerning his heavy cigarette smoking, I feel there is no question that this is a bronchiogenic carcinoma and that in light of his long work exposure in underground mines at Sudbury with all of his close associates having died of lung cancer this is an industrially-related tumour and that he should be considered for compensation in this regard."

This man will not enjoy the benefits of compensation. He passed away. I came across this case rather strangely and I have been working on it for about seven months trying to get sufficient documentation with which to appeal on behalf of this woman so that she may receive benefits.

I have never seen a doctor put down a statement quite as frank as that one, at least not in my 12 or 13 years around here involving cases of lung cancer and the whole business in the sintering plant, until it was finally achieved with the assistance of a Dr. Cecilioni in Hamilton. I have never seen this, at least with respect to underground mining. Knowing that nickel is carcinogenic leads me to raise the question: are miners with lung cancer suffering as a result of exposure? That is, the miners who were ex-

posed over a number of years where there was insufficient ventilation and not enough water being used in the drilling. I suppose the only way we can answer that is if government puts together the documentation on these men. The ministry should take the lead, not like the past where members have tried to prove it as in the case in Elliot Lake. Certainly this is the case also with Aimé Bertrand and it was the problem with the sintering plant at Inco. We flew by the seat of our pants.

I am asking the ministry to take the lead in this respect and because of the seriousness of the situation send someone in from the occupational branch or from the mining health and safety branch to start to put together the documentation on those men who presently have claims before the board, and those who do not have claims but whose illness is diagnosed as lung cancer.

Dr. Muller: I would like to point out that it is a very difficult question to answer because it really requires an epidemiological approach to see whether the nine cases is too many or not too many when the probability is to try to establish that number of cases over the period of time. So I don't think it can be done quickly. I suppose this will be part of that study. Of course, we are going to look there at individuals who were employed many years ago.

The one point is that there are these nine men. They can't wait another couple of years or three years et cetera. I can well see that point. I think the only thing one could possibly do is to assist, or perhaps work together with the Workmen's Compensation Board and try to investigate these cases and get some judgement. But I don't know how one could prove it one way or another.

Hon. Mr. Elgie: Could you reach any conclusions, though?

Dr. Muller: That is the problem. Without any conclusions it will be difficult. I would like to have a look at the situation and it might perhaps be—

Mr. Martel: That is why I am asking to have somebody look at it so we could gather the documentation from the union material they have on file, so that you could look at these men now.

Dr. Muller: I want to say that I have not been aware of these cases. I hear of them only now.

Hon. Mr. Elgie: I think what he is saying is we can review the cases, but not necessarily reach a conclusion on the basis of it. You are suggesting that perhaps at least we

ave the foundation and information available.

Mr. Martel: Yes, that's right. I could ether it for you, but it is pretty difficult to up there and spend a lot of time trying put this together. I would like to ask that meone go, meet with Jim Hickey and get the documentation.

Dr. May: Can we have the names of those?

Mr. Martel: I can give you seven of the names now. I can also give you the name of another man whose doctor's report I have. Mr. Hickey has nine cases at least, all from the same mine. That number bothers me, I don't know if it is too many. I guess we are all in the same boat; I don't know if it is too many for that size of work force.

Dr. Muller: Was anything reported to the Workmen's Compensation Board?

Mr. Martel: Only some of them so far. I give the numbers for those where applications for benefits have already been made. One of them was in Princess Margaret Hospital up until recently. The union has not started the whole process of going through that. What I would like to do is give you the names of as many as I have, get a commitment that someone would contact Mr. Hickey, get the rest of the names and work from there just to see what it is. That seems like an awful lot of cases from one mine.

The other one I have is not from there. It is from Garson Mine.

Hon. Mr. Elgie: Who would be best contact for Mr. Martel to give those names to?

Dr. May: If you give them to me, I will guess them.

Mr. Martel: I will get them typed up properly tomorrow. I will check with the union to see if it has any more compensation numbers and the rest of the names. I will pass them on to you, Dr. May.

Might I just raise two other questions? I indicated to the minister already that I would ask him one. What is the status of the industrially deaf study by the committee you established about a year ago?

Hon. Mr. Elgie: I understand from Dr. Mustard that a report from that committee is expected in January. We have a standard of industrial noise that we will have ready in the gazette. We are awaiting that study just to confirm what they feel about the level as well as the other problems they are investigating.

Mr. Martel: Will that be made public?

Hon. Mr. Elgie: All of the reports are public and are published.

Mr. Martel: The other one is bronchitis. There was a major study done a couple of years ago with respect to the converter aisle at Inco which indicated that 22 per cent of the workers in that area had bronchitis. As I understand it, seven per cent is normal in the general public for bronchitis. If one smokes, it is roughly an additional seven per cent. That still leaves another seven per cent.

I understand the difficulty for the Workmen's Compensation Board and for anybody determining which seven per cent a person is in. What we are doing is saying everyone is out, even the seven per cent who have bronchitis. I would like to know if there is any follow-up work being done on that because it seems totally unfair if we know that seven per cent have bronchitis as a result of work exposure. The difficulty is in identifying them. Surely we simply don't walk away from the problem and say everyone is out.

Hon. Mr. Elgie: What is the present status of that community?

Dr. Fitch: That study was done by Dr. Cowle who was with our branch but died in 1975. He had collected the information but had not completed the study. After he died, other people used his information, put it together and produced a report which was not terribly well received because there was a question about controls. There were some inadequacies in the exposure histories of the different people.

This question has been raised on a number of occasions since. We made the decision not to do anything more about it because we were told that the combined Inco union group at McMaster were going to review that same subject and were going back and working over the same people. The decision was made about two years ago for us to leave it to that other group. We have not been working on it since.

[10:00]

Mr. Martel: You have not? What about the McMaster group? Have they been working on it?

Dr. Fitch: I really can't tell you that. I don't have the details of what they are doing, but it was supposed to be part of their study.

Mr. Martel: It bothers me that it was not well received. I'm not sure whose fault it is that it wasn't well done.

If the statistics are at all reliable in determining the number of people who had bronchitis or a bronchial problem of some sort, to say it is not well received and walk away from it is a little disturbing, to say the least.

Dr. Fitch: Perhaps I haven't put that in the right way. The study was essentially to make a comparison between people in the converter aisle and the people who work in the refinery. Initially, the intention was to see whether there was a difference between the two groups, because one group was known to be exposed to relatively high concentrations of sulphur dioxide. That was really considered the difference between the two groups.

As the study came out the figures that were produced showed big differences between people who smoked and people who didn't smoke in both groups, but really a very small difference between people in the converter aisles and the people in the refinery. The problem was that we really did not have anybody to compare them with, because we were comparing two groups of people who presumably both had some exposure to sulphur dioxide. We couldn't really sort them out that way. They only had an increase in bronchitis by comparison with the general population of Ontario.

Mr. Martel: By how much?

Dr. Fitch: I'm sorry, I really don't remember the numbers.

Mr. Martel: My understanding is 22 per cent of the people who were examined had a bronchial problem of some description, and that the provincial average I think is about seven per cent. I am going by memory, I guess, because I was one of those who continued to raise it in the past four years.

I really get concerned when I hear something like this because if there is an indication there is a problem, I don't think we can walk away from it. Those men who work in that plant are still exposed to large concentrations of sulphur dioxide. We know, for example, that Inco was supposed to build a new smelter about 1974 and decided to invest somewhere else, so there has not been that tremendous an improvement in the equipment in the converter aisle. They are still using the same junk that should have been scrapped 20 years ago. It is so out of date that men are continually exposed to those concentrations of SO_2 .

In fact, one of the key problems for us in the Sudbury basin, now that we are sending most of it in the form of acid rain to Muskoka, is no longer atmospheric sulphur dioxide but ground sulphur dioxide at the lower level.

I don't know if you have ever been there, but I think it should be one of the prerequisites for everyone around here to spend a day there, particularly when the wind is from the south. We sneaked Dr. Shulman in and

nearly had to carry him out. Certainly we had to carry out the camera crews we sneaked in because it is that bad.

I guess I get a little uptight when we get a study of this magnitude which shows many people having a problem, and we know they are still there, and we know they are still exposed, but very little has been done. I find it difficult to accept that because it wasn't well received, we walk away from it. I really do.

Surely the role of the ministry is to protect people. If the McMaster group is doing something, I would think that the ministry should know what they have done in the past two years with respect to that sort of study, based on the statistics that were there. We should know if they are factual. If they are not factual, we should know that as well. We would not be concerned if we knew the material was not factual.

I have to remain concerned. I guess I have to remain concerned when the insurance companies tell me the life expectancy in the Sudbury basin for miners or smeltermen is somewhat less than that of other people and that insurance rates are very high in that part of the province. I guess I have to be concerned because I deal with these people all of the time and I see the problems they have.

I just think that for us to have abandoned that to McMaster without knowing what McMaster is doing to guarantee that there is a proper follow-up shows there is something wrong, particularly in view of the fact we have raised the question over the past four years on a number of occasions to see if there were going to be compensation benefits for that seven per cent. We are trying to determine which seven per cent we are talking about. We do not have the information. I find that a little objectionable, Mr. Minister; I am sorry to be so frank about it, but I do.

Dr. Fitch: What I have said, Mr. Martel, is that I do not have the details but they have assured us they are looking into this and they are going to produce—

Mr. Martel: But that was two years ago. I guess when I see a study that was tabled in 1975, or it was 1975 when we first became aware of it, and we are now—what is the date?—16 days away from 1980, I would have expected something a hell of a lot more tangible with respect to what is happening to those people some five years later. I do not think that is expecting too much. I really do not.

I am sorry to be so miserable about it but I guess I am offended because we have raised this regularly, at least once a year, since that report came out and we have never had a satisfactory answer as to whether it would be acceptable for compensation or just what the hell is going on. I think we have a right to know and I think those workers in those plants who continue to work there day in and day out have a right to know. If there is something wrong, then the company should have to clean up what is causing that sort of problem for those individuals, and there are many of them. If Inco wants to take its money, invest in a new battery plant in the United States and squander it down there, they cannot be allowed to do so at the expense of smeltermen who work in a place that is causing a lot of illness.

That's why we have to know. Surely, if it continues to affect workers, the ministry has a responsibility to say: "Whoa, it's time we cleaned up this shop so that men are not affected." You can accept it for what it's worth, but I'm sorry I have to be so tough about it.

Dr. Fitch: We are equally concerned, Mr. Martel. We didn't get evidence from that study that the exposure to SO_2 per se was contributing to chronic bronchitis. We then went to the world literature; we have reviewed everything we could find. That went on for some time after we produced the original study, and we could not find any real evidence anywhere else that the exposure to the conditions of a smelter really contributed to chronic bronchitis. Of course, that is the big question. It is the one that has been raised many times.

Mr. Martel: I am no doctor but, if there is nothing in the literature and if that number of people have bronchitis, something is causing some of it. You would agree with me on that.

Dr. Fitch: There are many causes of bronchitis.

Mr. Martel: Oh, yes. I am told it is about seven per cent in the general population in Ontario.

Dr. Fitch: I cannot argue on that point at the moment, but I can say that the incidence of chronic bronchitis is much higher throughout northern Ontario than it is in southern Ontario. There was one major study done by a gentleman from the University of Ottawa who compared Sudbury generally with Ottawa generally. He came up with the fact that people, not only miners, but

the population generally living in the Sudbury area, which I think would have applied equally in a number of other towns in the north, have a higher incidence of respiratory disease of all kinds.

It was not too surprising because nearly everybody knows that who practises medicine there. There are so many causes of bronchitis. Smoking certainly is one of them. Repeated infections are another.

Mr. Martel: The type of employment?

Dr. Fitch: I am sure the type of employment may contribute to it, but we have not got the evidence for that and we certainly did not get it from that study.

Mr. Martel: But what about our own studies afterwards? That is the question. When we came up with that sort of statistic, surely we engaged in some studies of our own. If there is nothing in the world, that's too bad, especially if we know it is there. Let us go back to the sintering plant at Inco in 1969, 1970 and 1971 when we tried to establish that exposure to the working conditions was what was causing a great number of men to die from cancer. I do not know if there was any material about other sintering plants. When a major study was done, they finally got Dr. Mastromatteo involved—

Dr. Fitch: Dr. Sutherland.

Mr. Martel: —Dr. Sutherland and, I guess, Dr. Tidey.

Dr. Fitch: Yes, I imagine so.

Mr. Martel: They concluded, because they were concerned, that in all probability this was work-related. When we see the types of studies that have been done, if it is that high, I am asking what we are doing to try to find out what the causes are. I could not care less if there is nothing in the rest of the world because I am worried about the people I represent and the workers I represent.

Dr. Fitch: The figures did not come out that way. They did not come out that it was so high. I think that is the point.

Mr. Martel: Let us say in comparison to smeltermen in Sudbury and to the general populace in Sudbury reading the Ottawa report which you speak of, do you mean it did not scare the hell out of those people working in there? Do you not think they have a concern when they read that sort of material which indicates that the probability of their getting bronchitis from the work place is real? What have we done to allay their fears?

That is part of what is irresponsible about it all. Many of them have bronchitis and they

know it. They want to know if it is work-related. I saw the craziest definition the other day from the Workmen's Compensation Board. I could not even understand what they were talking about. One could have bronchitis, but it was not called bronchitis; it was some ridiculous nonsense. When I finished reading the material, I was at a loss. I do not know if you worked on that with them.

Dr. Fitch: No.

Mr. Martel: Well, thank God. They did that all by themselves, did they?

Dr. Fitch: I am not guilty.

Mr. Martel: I tell you, it was absolutely nuts. They were saying it was bronchitis but it was not bronchitis. That is what they were telling us. There is a lot of it. You have to convince me and people there that the Ottawa study was lousy then.

Dr. Fitch: No, I did not say that. I said they found that there was a big difference between the amount of respiratory disease in Ottawa and the amount in Sudbury.

Mr. Martel: Then what is the cause?

Dr. Fitch: I think that is valid, but it is not only in Sudbury. The same is true of all the northern communities. We have statistics on this and we had them before that study was done; so we were not surprised by that at all. [10:15]

Mr. Martel: We were surprised when those reports came out and we are surprised that we still cannot establish compensation for those workers who have that problem. I understand it is compensable in Quebec. Is that not right? Is bronchitis compensable in Quebec? Does anyone know?

Mr. Wildman: I think about a year ago it was brought in for some cases.

Mr. Martel: I was going to raise that question of studies. If they were, what studies did they base their decision on? I guess I am going to leave it, but there is something that bothers me about it all, Mr. Minister. I think we have to have some answers. Either we disprove that it is the work place or we have to involve ourselves foursquare in determining what is the cause. Anything less is really unacceptable.

Hon. Mr. Elgie: Is that what the McMaster study is all about?

Dr. Fitch: I understand they were doing a complete study of the health of workers at Inco. That is what it started out to be anyway. When the question came up of going back over a study of the effects of bronchitis, we had a number of meetings and we were told that Dr. Muir's group was going to look

at that particularly; so we didn't see that there was any point to our going back and trying to work over the same group of people, when somebody else was already involved in it.

Hon. Mr. Elgie: Can we get an update on the status of that report and will you forward that to Mr. Martel?

Dr. Fitch: Yes, certainly, I will do that.

Mr. Van Horne: Could we have a copy too?

Dr. Fitch: Certainly, Mr. Van Horne.

Mr. Chairman: Are there any more questions on item 4? Shall it carry?

Mr. Mackenzie: Just one minute, sir. I have a question. It is not my question, but it was one that was raised with me. It was a concern of steel workers at Elliot Lake about the changes in regulations related to underground use of equipment. The diesel code permitted so many horsepower of diesel engine operation for each 100 cubic feet of fresh-air ventilation. This was easy and simple for workers on the job to understand and to work by. That has been replaced by much more complex rules which cannot be monitored effectively by workers on the job and therefore may result in less, rather than more, safe operations. As I say, it is not my particular question, but could you give me an explanation of it?

Hon. Mr. Elgie: Yes. Mr. McCrodan?

Mr. McCrodan: I might be able to give a good explanation of it, but I find the same difficulty. It is all done in metric at this point. It is about as ambiguous as you say.

Mr. Mackenzie: I am sorry I asked you. Does anybody know it in the nonmetric?

Mr. McCrodan: It still works out to 100 cubic feet per minute. If they can run the old instruments, which is what everybody has, they are safe on that bet. We will give a hand to anybody who wants to have instruction in that regard.

Hon. Mr. Elgie: So the rules have not changed.

Mr. McCrodan: The rule has not changed.

Hon. Mr. Elgie: It is based on metric.

Mr. McCrodan: The whole thing is metricated and it is a dilly.

Mr. Mackenzie: Have you had complaints of this from them?

Hon. Mr. Elgie: Yes. The same complaints have been raised.

Mr. McCrodan: Yes. We have. The first one was that we had forgotten it, but it was put back in. We printed the regulations and

it came out a little differently with the new rules.

Mr. Mackenzie: One other question that was raised with me was whether we are looking at the effect of radioactive fill and its effect on health at Elliot Lake as well as at Port Hope. Specifically, have we looked at the fact that some of the bunkhouses are located in what is called unsafe proximity to the mine tailings at Elliot Lake?

Hon. Mr. Elgie: Do you know the answer to that?

Mr. McCrodan: I think Dr. Fitch's team knows what the answer is more than we do, because they do the measurements of the individual areas. We did help, but that was about a year ago.

Mr. Wildman: I have a supplementary on that.

Hon. Mr. Elgie: Let us just find who is the appropriate person.

Mr. Mackenzie: That is the last question I have on this particular vote.

Dr. Aitken: We have done some measurements of radon daughter concentrations in air near private residences which are near the mine tailings areas. All those private residences would be a kilometre from the tailings area. We found only normal ambient concentrations there. I'm afraid I don't know how close these bunkhouses are to the mine tailings.

Mr. Wildman: Isn't it the case that the Environmental Assessment Board recommended that they not install residences of any sort within two and a half kilometres of tailings and that, since that time, a mobile home park has been established about one kilometre away?

Dr. Aitken: The Environmental Assessment Board said two kilometres. Personally, I don't know the reason for that recommendation. I think the present evidence is that it is perhaps unnecessarily conservative.

Mr. Wildman: It seems to me that is exactly what happened. If somebody at the company has decided that the Environmental Assessment Board is unnecessarily conservative, then they said: "Why bother living with the two kilometres? Let's put in what we think is acceptable, which is about one kilometre." It seems to me that when the doctor says he doesn't understand what the reason was for the two kilometres, perhaps they were trying to err on the side of caution. Perhaps we should do that more often.

Dr. Aitken: I don't think I can add to what I have already said. You have measure-

ments at one kilometre from one tailings area and we don't find anything different from normal ambient levels.

Mr. Wildman: Can I ask one question? Perhaps you can't answer it. Maybe it should be answered by Northern Affairs or the Ministry of the Environment; I don't know.

The Environmental Assessment Board held extensive hearings, which involved experts from the federal level as well as people from the provincial level, from the companies and from the union in hearings that went on for months. If the board came out with a recommendation, whether or not the people who appear before that hearing agree with the recommendation, surely they should live by it. Who is responsible for ensuring they do?

Hon. Mr. Elgie: The problem is, unfortunately, that that is not the jurisdiction of this ministry. We act as a resource in that area. You might want to direct that question to one of the other ministries, but I don't know which particular one. Maybe it is Housing or Environment.

Mr. Wildman: I imagine it would be the Atomic Energy Control Board that is responsible.

Hon. Mr. Elgie: I was going to say there is a jurisdictional problem as well, where we again act as an agent.

Mr. Mackenzie: Can I get a specific answer as to whether we also have bunkhouses in close proximity to the tailings areas?

Hon. Mr. Elgie: Mr. McCrodan?

Mr. McCrodan: I have no idea, sir, where bunkhouses are relative to the formation of the mine.

Mr. Mackenzie: It is part of the question I was asked to raise. I wonder if we could get an answer as to how close they are.

Hon. Mr. Elgie: If we have that information. Do we keep records of that?

Mr. McCrodan: We can get that.

Hon. Mr. Elgie: Can you get that and give it to Mr. Mackenzie?

Mr. McCrodan: Sure.

Item 4 agreed to.

On item 5, occupational health:

Mr. Van Horne: I am not sure if this is the right place to ask, but let me ask it and maybe we can pick up there tomorrow if it is the wrong place. I am wondering about the incidence of leukaemia among workers at nuclear plants; is this the place to ask if there is any information on that?

Hon. Mr. Elgie: Dr. Muller, would you know the answer to that?

Dr. Muller: As far as nuclear power stations in Ontario are concerned, there is a study under way on all causes of death for workers who are employees of nuclear power stations. It is being done by Terry Anderson at the University of Toronto.

The study indicates, up to now, that the mortality of nuclear power station employees is very favourable. It is more favourable than that of the Ontario control population, which is not very surprising because what we are seeing is a healthy workers effect. That means we have a certain selection of people who go into work in our stations.

The death experience of these employees is better up to now than that of the Ontario population. There is no detectable increase in leukaemia.

Mr. Van Horne: When the study is complete, Mr. Minister, it will come to you as a matter of routine.

Dr. Muller: The study is being done by the University of Toronto for Ontario Hydro. I have seen the results up to now. Of course it won't be completed for a great number of years because it is an ongoing study. It is the intention to continue this study for a great number of years to follow up on what is going to happen in the future.

Up to now, the mortality experience is better than expected, based on Ontario's work force.

Hon. Mr. Elgie: The question was, will the reports be available and to whom will they be directed?

Dr. Muller: The University of Toronto is putting out the study for Ontario Hydro. I think Ontario Hydro is paying for the study.

Hon. Mr. Elgie: Will it be published?

Dr. Muller: Yes.

Mr. Van Horne: I had a further question about protective clothing, but I am not sure whether this is the right area in which to ask it.

Hon. Mr. Elgie: As it is the last question for the night, it is probably appropriate.

Mr. Van Horne: I want to know where we can go to get some kind of indication of what is going on in the area of protective clothing.

Hon. Mr. Elgie: With relation to nuclear energy?

Mr. Van Horne: Yes.

Dr. Muller: I think Dr. Aitken might be better informed. They wear protective clothing. They have plastic suits which they wear in certain environments to protect against specific tritium, which is a major problem. Otherwise, I think they wear protective clothing.

Mr. Van Horne: Would you elaborate on that very briefly? You said it is a major problem.

Dr. Muller: Yes, under certain conditions. Operational concentrations of tritium in air are obviously exceeded, for example, in certain types of maintenance work. This work is done in protective clothing. That means including a fresh air supply. The worker is isolated from the radioactive environment in which he works.

Mr. Chairman: We will adjourn now and meet again tomorrow evening at 8 o'clock.

The committee adjourned at 10:27 p.m.

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Heath, A. D., Director, Standards and Programs Branch

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Robinson, Dr. R., Laboratory Chief and Consultant in Toxicology, Occupational Health Laboratory



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Official Report (Hansard)

Resources Development Committee

Estimates, Ministry of Labour

Third Session, 31st Parliament

Tuesday, December 18, 1979

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

TUESDAY, DECEMBER 18, 1979

The committee met at 8:04 p.m. in committee room 1.

ESTIMATES, MINISTRY OF LABOUR (continued)

Mr. Chairman: I recognize a quorum.

On vote 2404, occupational health and safety program; item 5, occupational health:

Hon. Mr. Elgie: Last evening there were some items that were left in a semi complete way, with the understanding we would report further tonight. Could I ask Dr. Fitch to come up and elaborate further on the question of chronic bronchitis in relation to sulphur dioxide exposure?

Dr. Fitch: Mr. Chairman, I must apologize for having incomplete information yesterday. Mr. Martel was asking about a study that had been done in the Ministry of Health on chronic obstructive lung disease.

It really had two parts to it. In the first part, they classified two groups of workers, workers in converter aisles, and workers in the copper refinery, according to their symptoms of bronchitis. Bronchitis was defined as having a chronic cough and producing sputum nearly every day. The essential finding was that for nonsmokers there was really no difference between the people working in the two areas, but for smokers there was quite a marked difference. The smokers in the converter area reported symptoms of bronchitis almost three times as frequently as the smokers in the copper refinery.

The other part of the study had to do with the objective signs of lung disease. These were based on actual measurements, using lung function tests. Here there was very little difference between the two groups. There was no difference between the nonsmokers in the two areas. They came out almost exactly the same.

The smokers in the converter area did show a very slight reduction, equivalent to about two per cent of function, compared with the smokers in the refinery area. But they were both well above what is accepted as normal.

The conclusion was that although a smoker is going to show some effect, as a result of exposure to sulphur dioxide, it is not very

marked. It certainly couldn't be called a disability.

The reason why nothing further was done about this was that when this matter was brought up again, over a year ago, the Workmen's Compensation Board said they wanted to look at this information and they asked us for the raw material on which the study had been based.

They took the material and had an epidemiologist go over it and they came to the same conclusion. They decided on the basis of this study that there was really no significant difference between the groups.

They have since decided that there could be individual people who, through a combination of smoking and exposure to sulphur dioxide, would suffer some damage. And, in fact, in October they announced a scheme for compensating people with chronic obstructive lung disease. Mr. Martel referred to that last night, without giving it the title. He said it was chronic bronchitis, but it was not chronic bronchitis.

I think the decision they have made is that if a man who has been exposed to an atmosphere of sulphur dioxide, in a test of the threshold limit value or the time-weighted average of five parts per million over a period of 20 years has objective evidence of loss of pulmonary function, he could be compensated up to 40 per cent if he is a nonsmoker, 30 per cent if he is a reformed smoker—that is, a person who gave up smoking 10 years before—or 20 per cent if he is a current smoker.

I think that is how that situation stands now, sir.

Hon. Mr. Elgie: Mr. Mackenzie, do you have any questions?

Mr. Mackenzie: Isn't this the situation with exposure to most substances? You come up with little difference in the initial look at the test results of the groups, but then a second look says, "Okay, some individuals may be affected by the exposure." Isn't it fact, that no matter what the exposure is, some people will react sooner or quicker than others, at least to most substances?

Mr. Van Horne: I don't want to be provocative but if that is true, then you are helping me die and I would object to your smoking.

Hon. Mr. Elgie: There is no proof that the inhalation of smoke from a smoker's mouth is any cause of the problem, so relax. This was recently tested in the Toronto city bylaw; there's nothing to support the proposition that inhaling other smokers' smoke has any pathological problem related to it.

Mr. Van Horne: Mr. Chairman, you must permit me a moment to dwell openly on this. Aside from what the city of Toronto does not know, which would fill volumes, the province of Ontario would seem, if I may be so bold, to know as much or less, from what the good doctor has said.

I simply can't and won't agree with him. Whether it comes in first hand or second hand, it must do some damage. I would defy you—and I would pay equally for you and for me—to research that.

Beyond that there are the other effects. The good deputy who sits beside you would probably disagree with me, just as much as you apparently do.

Hon. Mr. Elgie: As long as it is not political.

Mr. Van Horne: This is physically offensive to us. I am not getting into morals or other political things. It is just physically offensive. Take that cigarette away from him.

Mr. G. I. Miller: Wait while I get my pipe ready.

Mr. Van Horne: You keep your pipe away when I come up here. That is coming from a reformed one.

Mr. Mackenzie, I think you are right. There is individual variation in response to factors in the environment. That is well known and well understood. How to determine what an individual's response will be—that's the difficulty. Each person's response to different agents in society is different. All we can do is try to work out statistics that create a modicum of rationality to it all. I think that is what Dr. Fitch is reporting about the board study.

Hon. Mr. Elgie: Dr. Fitch, you were also asked last night about the proximity of bunkhouses to uranium tailings.

Dr. Fitch: Yes, that turns out to be a little more complicated than one would expect. There are many tailings and there are many bunkhouses, some of which are quite old and some are new. There is one case of a bunkhouse being apparently only 500 feet from a tailings pond.

I think the one we were asked about last night may be a new bunkhouse which is being built by Rio Algom Limited near the Lackner mine. I was told today that it is 2,700 feet away—over a half a mile.

Hon. Mr. Elgie: How many kilometres is that?

Dr. Fitch: That is almost one kilometre.

Mr. Mackenzie: On this matter of kilometres, the recommendation by the Environmental Assessment Board is two kilometres.

As you are aware, this matter was raised in the House today by another member who had had some additional correspondence on the issue, as to why bunkhouses were being built that close when the recommendations of the report were to be at least two kilometres away.

Hon. Mr. Elgie: Thanks, Dr. Fitch.

Mr. Wildman: Supplementary, Mr. Chairman: Isn't it the case that in the Elliot Lake area some of the old tailings are as rich in uranium as ore now being mined, or even richer, and that there is as much radon gas and radiation problems from those tailings as there are right in the mining operations? At some future date they may start open-pit mining on the tailings because they will be rich enough to mine. When you are talking about bunkhouses being located near old tailings it is probably more dangerous in those cases—or could be more dangerous in those cases—than being located close to the new tailing sites.

[8:15]

Dr. Fitch: Dr. Aitken mentioned last evening that we have made measurements at one kilometre from various tailing sites and that usually we get very low readings. I think all the readings we have taken have been quite low at that distance because the radon is dissipated in the air.

Mr. Mackenzie: Yes. If we are going to err, it is better to do so on the side of caution. Would it not pay to enforce and live up to the recommendations by not allowing the building of new bunkhouses even now, to go up actually less than one kilometre, never mind two, from the fill?

Hon. Mr. Elgie: As you know, that is not within the surveillance of this ministry but I will be glad to draw that view to the attention of those involved.

Mr. Mackenzie: Would it not be one of those areas, though, that there should be some input from your ministry?

Hon. Mr. Elgie: I said I will be glad to draw that point to the attention of the ministries involved.

Thanks, Dr. Fitch.

We were asked last evening, Mr. Hess and Mr. Scott, about the withdrawing of some charges in the National Steel Car case, and the death resulting from that injury there.

Would you comment on that case, please, one of you?

Mr. Hess: Charges were laid in this matter against three individuals with the company. One of them was the company president, one was the general manager, and the third person was the general superintendent of materials handling. I don't know that I should put their names into the record.

All were charged with two charges; one was a specific charge for breach of a specific regulation under the Industrial Safety Act and the other was a general charge for failing to take every precaution reasonable in the circumstances.

Those charges were laid back in September or thereabouts as I recall. The case came up for hearing around the beginning of December. Perhaps I should let Mr. Scott explain, but as I understand it, there were some clean negotiations. The company pleaded guilty and was fined the maximum under the statute, \$10,000. I am just giving the capsule comment here.

The charges against the three named individuals were withdrawn. I can let Mr. Scott take over from here because he was counsel. He had charge of the matters and I know there are good and sufficient explanations for what occurred. I support wholeheartedly what Mr. Scott did in the matter. Perhaps Mr. Scott could explain what occurred. I would like to make some further comments afterwards.

Mr. E. Scott: As Mr. Hess has said, there were three people in authority. The act at that time contained an obligation imposed on people with authority. Before a case that came out in October, that obligation was absolute. All that had to be established was that someone under his authority was denied the benefit of the regulation because the regulation had been broken. Then an absolute-liability conviction would follow.

There was a charge also against the company. The company was in that same position with regard to absolute liability. In addition to that kind of charge, there is a charge that talks of every precaution reasonable in the circumstances. That charge was laid against them, which was something less than absolute liability. Again, because one of the men, the company president, was under the act in the position of employer, a charge of failing to take every precaution reasonable in the circumstances was laid against him. So there were two charges against the company. They had two charges against Mr. Lovell and Mr. Hotrum.

Mr. Van Horne: I am sorry, this little byplay is right over top of my head. I can't hear you. Would you speak up, please?

Mr. E. Scott: I am sorry. About a couple of years ago, there was a case called Sault Ste. Marie and the Supreme Court of Canada which, in effect, said regulatory statutes of this nature for the protection of certain sectors of the public were no longer *prima facie* to be considered absolute liability.

We thought the very strong words of our statute took us out of Sault Ste. Marie. We thought we still had absolute liability in our statute, but the divisional court on a split decision told us in October that wasn't so. Everybody really has a defence of due diligence. It is true a charge can be laid if you are a person in authority and if the regulation has been breached, but the defendant can come back and say, "Well, I wasn't really involved"—which is what happened—"somebody else is to blame."

When we are charging a company and people in a company after a fatality, you must realize the enormous difficulties the prosecution is faced with in that situation, because we come in from the outside hoping to try to make a thorough investigation. On the other side of the wall, with all the company's involvement, it is very difficult to get to the bottom of it and to pinpoint the blame in such a situation. Here we had three individuals against whom at least a *prima facie* case could be made, but when they started speaking and giving evidence, it became almost impossible to say, "You are the chap to blame."

In these circumstances, the company came forward and accepted the blame. The company pleaded guilty to a charge of failing to ensure the regulations were carried out in the industrial sector. That meant the company was admitting it had not exercised due diligence. I was content with that. The company having come forward and accepted the blame after the conviction had been registered and a sentence had been imposed, I then withdrew the charges against the men. There was no point, in my respectful submission, in prosecuting these chaps when the company had come forward and received the maximum penalty. It was prepared to accept publicly the blame for this accident.

When a company is in the position of this defendant—this is one of the lessons we learned from Sault Ste. Marie—the company can say: "We had a system and we had a policy of safety. It was the chaps below us, the chaps who are our employees, who didn't carry out our policy. We had a good

system." Everybody was in that position of trying to blame the person above or under him.

I have a case at the moment in Sault Ste. Marie of an overhead contact. It is a construction safety matter. The crane touched an overhead wire and the man who was holding on to the cable of the crane was killed.

Mr. Mackenzie: There have been two more since that one.

Mr. E. Scott: What is going to happen in Sault Ste. Marie is the company is going to blame the crane operator and the man who was killed, either one of them. The crane operator is going to blame the man who was killed. This whole strategy is laid out and we won't discuss it. It is going to be very difficult, in the absence of the man who was killed, to get a man on that defence.

In this case, it was my thought we were very lucky to get a conviction at all. I adopted a course, and it was completely my decision. When you are acting for the crown, you don't go around consulting anybody else, though you get information. But the crucial decision as to whether or not a charge should be withdrawn was mine, acting for the crown.

Mr. Mackenzie: Anybody in authority makes the decisions he has to make. I don't intend to spend a lot more time on this, except to make the argument I am making very clear. The record on safety matters at National Steel Car is long and nasty. I know because I have been involved for a number of years, even before I was first elected to this House more than four years ago. It hasn't been a good record there, and there haven't been good conditions. There has been a hell of a lot of nasty accidents and situations and damned little action on the part of the company to clean it up.

We have had fatalities before this one where a man is killed and charges are laid. We get the company admitting them, but get them withdrawn. The ministry in the testimony here the other night said that it is on a short cycle. That is a verification of exactly what I am saying and what has been going on for years, not just recently.

That death happened less than a year ago. We had another one just a matter of a few weeks ago in the same plant and there are other accidents which are now under investigation, including loss of parts of limbs, since that very accident in that same plant.

At what stage in the game is somebody responsible in that plant? As for a \$10,000 fine, the union boys in that one at least are right. It doesn't mean a damned thing. You

are either going to make them realize they have to make some changes in terms of the safety matters in that plant, or you are not going to clean up the situation. That's just how strongly they feel and I feel about it.

Mr. Hess: I wonder why, with a union safety committee, all these things happen. There may be some problem with the union in that plant, I don't know. I also wonder why the union may have agreed to these incentive bonuses that are apparently a part of it.

Mr. Mackenzie: Mr. Hess, that's another matter and you know it. We don't like that at all. It is one of the problems within the plant. Whether or not they have accepted the incentive bonus, which is part of the reason for unsafe conditions in a lot of mines and plants, doesn't excuse the kind of safety conditions in that plant.

Mr. Hess: I agree with you, but the union has a duty too.

Mr. Mackenzie: At one stage recently, as you probably know, the union was asked to assist in trying to set out some of these safety procedures in that plant. That was one of the first signs that maybe we would get some co-operation in the place, but it has been nasty from day one in that plant. At some stage in the game the people in charge have to be responsible, unless you are telling me that the sole responsibility for workers dying in unsafe conditions is their own.

Mr. Hess: No, I am not saying that at all.

Mr. Wildman: What is the minister's position on the incentive plan and bonuses?

Hon. Mr. Elgie: As you know, that is a matter between the parties when two parties are negotiating. We have discussed it here. Mr. Hess raised his own concerns about safety in the face of a bonus program. It is a problem.

Mr. Wildman: You don't have to convince us it is a problem.

Hon. Mr. Elgie: We didn't impose it on them.

Mr. Wildman: I think it is an invidious offer for a company to offer an incentive plan.

Hon. Mr. Elgie: I would agree with that. There was one other matter. Dr. Robinson was asked about the five-year plan for the laboratory. I wonder if she could bring us up to date on that.

Mr. Van Horne: We want to hear about that.

Hon. Mr. Elgie: It catches your fantasies. You have heard the word before. You sound

like Pierre Trudeau. You're going to try it again.

[8:30]

Dr. Robinson: Perhaps we may just highlight some of the features of the forecast. The staff numbers at the end of the 1979-80 fiscal year will be 38. I have the detailed classification breakdown if you wish it. The total number is 38. The 1980-81 forecast is projected to 48 people and for 1981-82, to 50.

The planning date was July of this year, at which time we were planning to achieve a total of 53, rather than 50.

The cost of benefits; that's a straight percentage figure. Communications increases beyond 1981 to take account of the relocation of the laboratory from Christie Street to Resources Road.

The services cost perhaps calls for some comment because that includes the preventive maintenance contract for the analytical instruments. Again, that is why there is a big increase beyond 1981-82 into the following year. The other component of that, which is much smaller in proportion, relates to staff development costs.

The supplies and equipment forecast figures call for some comment also. The drop for 1981-82 takes account of the new equipment which will be provided by the Ministry of Government Services for the new building.

Mr. Van Horne: How will they fund that? Do you know? Anybody?

Hon. Mr. Elgie: Will there be any private funding?

Mr. Van Horne: From whence does it come?

Hon. Mr. Elgie: Is that all government budgeting, or are there any hire-purchase arrangements?

Dr. Robinson: Through Management Board of Cabinet, I understand.

Hon. Mr. Elgie: It all comes through the budget?

Dr. Robinson: Through the budget.

Mr. Van Horne: Whose?

Hon. Mr. Elgie: The Ministry of Labour.

Mr. Armstrong: The Ministry of Government Services.

Hon. Mr. Elgie: Ministry of Government Services, sorry.

Mr. Armstrong: So I understand.

Mr. Van Horne: So you understand. If you don't know, no one knows.

Mr. Armstrong: That does not follow our—

Mr. Van Horne: If you don't know, how in the hell do we know? Somewhere along the line you've got to put it on the table.

Mr. Armstrong: I am just interpreting what Dr. Robinson said. I understood her to say the drop in supplies and services in 1981-82 is because of some funding from the Ministry of Government Services at that stage. Is that correct?

Dr. Robinson: That takes account of the major equipment that will be funded by the Ministry of Government Services in connection with the new building.

Mr. Van Horne: Why would they be so benevolent all of a sudden? Do they hop in and hop out? Are you shifting it from your right pocket to your left? What is going on?

Mr. Heath: The Ministry of Government Services provides the capital facilities, the buildings—

Mr. Van Horne: Hold it. We are talking about supplies and equipment. How are you defining capital?

Mr. Heath: The equipment they are concerned with is considered to be an integral part of the physical facility. Capital equipment is considered to be part of the way in which they define funding for, say, a building. A building has to have certain equipment built into it. In the case of a laboratory, that is—

Mr. Van Horne: What do you need in 1981-82 that you can get along without in 1980-81? What's happening here?

Dr. Robinson: One example there would be the acquisition of our own electron microscope, instead of continuing to make use of the contract arrangement which will terminate at that time.

Mr. Van Horne: You are renting or paying a lease fee or some kind of user fee up to that point? And now in 1981-82 you are going to see yourself acquiring this from another source, no fee attached? It will be given to you by virtue of the Ministry of Government Services budget?

Mr. Heath: That is correct. It will be—

Mr. Van Horne: Where does Government Services come into this?

Mr. Heath: The Ministry of Government Services is responsible for the planning and the provision of the physical plant. I don't know too much about the details of this, but I would assume it is based upon the principle that these physical facilities are used by many ministries over time. The Ministry of Government Services provides the physical facilities. It is the accounting system that is used when the estimates—

Mr. Van Horne: You are obviously accepting dictates from the accountants. You are

not suggesting that this is how it be done? I think there are games being played here, to be quite candid with you.

Mr. Heath: I think it would clarify it to say that when the estimates come forward from the Ministry of Government Services, they include in those estimates the funding that is required for the provision of these physical facilities.

Mr. Van Horne: Sure, that is motherhood. I will accept that with no problems. But why in heaven's name does this have to happen? Surely, if this is needed, Mr. Minister, let's pipe her right down into your ministry. Why do we play games on into 1981-82?

I am not quarrelling with the equipment or what is going to be done with it, I perceive that to be needed and the reasons for it being there are okay. But from an accounting viewpoint, it smells. Tell me why.

Hon. Mr. Elgie: Have you finished the explanation of it?

Dr. Robinson: Yes.

Mr. Van Horne: I'm sure it is not your fault.

Hon. Mr. Elgie: I am just asking if there is any other item.

All I can tell you is just to reinforce what Mr. Heath said, that that happens to be the accounting practice with regard to certain types of equipment that are considered to be fixed to the premises, as I understand it. Electron microscopes are not going to be moved around.

Mr. Van Horne: Again, I don't quarrel with that. I would ask from you a further explanation as to why this would be. If you could please, Mr. Minister, agree to submit that in writing to me, I would be happy. But at this point, I can't accept the rationale behind these different numbers. Therefore, I would ask you again, please.

Hon. Mr. Elgie: We will be glad to give you a written explanation of the budget rationale for the Ministry of Government Services taking over fixed equipment commitments.

Mr. Van Horne: Thank you.

Hon. Mr. Elgie: Those are the only four items that I have on my list from last night, Mr. Chairman.

Mr. Chairman: Mr. Hennessy.

Mr. Haggerty: Hennessy?

Mr. Chairman: Haggerty, rather.

Mr. Van Horne: Mr. Hennessy is just a little wee guy, and he is on your side, Mr. Chairman.

Mr. Chairman: Pardon me.

Hon. Mr. Elgie: He may be small, but he is wiry.

Mr. Haggerty: A couple of days ago I believe I asked the minister about the Winario lottery funding. I believe there are about seven or eight projects now. Apparently this was supposed to be tabled with the committee.

Hon. Mr. Elgie: That was tabled, I understand. I have copies here.

Mr. Haggerty: I thought perhaps you would mail me a copy. I have it anyway. I just wanted that particular point.

Out of the 48 recommendations set out in the royal commission report on health and safety in the mines in Ontario, known as the Ham commission report, how many recommendations have been accepted and initiated by the ministry?

Hon. Mr. Elgie: Dr. May, do you have any comment on that?

Dr. May: We don't have that list with us.

Hon. Mr. Elgie: Do we have it here tonight?

Dr. May: No.

Hon. Mr. Elgie: We will get that for you tomorrow, Mr. Haggerty.

Mr. Haggerty: Since your ministry has moved into the area of occupational health, has the ministry completed its full complement of staff?

Hon. Mr. Elgie: No. We have added some this year and we are in the midst of presentations to management board about the budget and further staff for next year.

Mr. Haggerty: Are these persons who will be employed in the ministry? Are they going through the post-secondary school program that is supposed to be set up in certain colleges and universities? I understood a couple of years ago we had a crash program at some universities.

Hon. Mr. Elgie: We don't have them. There are programs in community colleges and in two universities.

Do we have any information on the training and the point of graduation of recent employees in the ministry, Dr. May? Is that something you would have tabulated and available?

Dr. May: No, but we can get it from the University of Toronto and from McMaster.

Hon. Mr. Elgie: What Mr. Haggerty is asking is how many of those graduates we have hired.

Mr. Haggerty: Yes. I just want to know how successful it is in our educational sys-

tem. We are moving into the area of occupational health. It is a good area for appointments in Ontario. I was wondering how successful our program is.

Hon. Mr. Elgie: We can get you that information about the number of graduates and perhaps we can relate it to the number we have employed. Our problem is to find the people with the training.

Mr. Haggerty: I understand there is some difficulty there. I thought perhaps the universities would be moving into this area and providing special courses in occupational health.

Hon. Mr. Elgie: They are. How many students have graduated and gained employment here as opposed to private industry is another area. I don't know, but we will see if we can gather that information for you.

Mr. Haggerty: Through myself and members of Local 6200 in Port Colborne, Dr. May has made arrangements for some discussion of occupational health problems in industry in Port Colborne, at the International Nickel Company of Canada Limited. I know the doctor hasn't been too well recently. I thought perhaps he could give me a date when we will be able to meet in the new year.

Dr. May: Any time you wish.

Mr. Haggerty: Could you make it some time in January?

Dr. May: Certainly.

Mr. Haggerty: I would appreciate that.

Hon. Mr. Elgie: Tell him he doesn't smile with the right side of his face. There is nothing personal about it. It will come back.

Item 5 agreed to.

On item 6, special studies and services:

Mr. Van Horne: The responsibility for co-ordinating the response of government to nuclear reactor accidents appears to have been transferred from the Ministry of Labour to the Solicitor General. Why?

Hon. Mr. Elgie: We reviewed that earlier, but I would be glad to give an explanation. You will recall that the radiation protection branch was originally in the Ministry of Health. It was transferred as part of the reorganization to the Ministry of Labour. At that time, there was the EMO legislation, which was subsequently withdrawn. The radiation protection branch remained in our ministry. Because of its previous involvement as a resource to emergency measures organizations throughout the province, the lead concept remained with us.

It became our view at the time of the Three Mile Island incident that any sort of response to any emergency situation would require police, fire and a variety of services and not only the radiation protection branch, which is involved in evaluating radiation in the event of a nuclear emergency. We felt this was far better placed in the hands of the Solicitor General, with his direct contact with police and fire and so forth. As a result of that, it was decided to establish the cabinet committee on emergency planning and the executive office on emergency planning. We act as a resource to that committee and to that planning branch.

[8:45]

Mr. Van Horne: Mr. Chairman, if you would permit me to ramble for a moment or two, I would like to reflect on what the minister has said. Recent weeks have seen the spill resulting from the Mississauga train crash. Back in the spring there was the Three Mile Island affair in the US, to which the minister has referred.

It would be folly for any of us here to suggest that any one particular member of government should be responsible for acting in that case; that is not the point. However, it is the responsibility of government to act quickly, efficiently and effectively on behalf of the citizens of this province when any kind of problem confronts them. It seems to me that your government in the last six months to a year has reflected a kind of uncertainty or ambivalence which is unbecoming to it.

I asked you a question in the House about emergency procedures concerning nuclear plants. That was a rather pointed question because there was supposed to have been something on stream. We found out within a few days through the CBC that things weren't quite the way you reflected them to be.

Further to that, we find with the problem at Mississauga that lo and behold, who comes creeping out of the background through all of this—and I am not finding fault with him as a person, or with what he did as a real person of responsibility—I refer to Mr. McMurtry. A lot of people say, "Hey, how come the Solicitor, or Attorney, or whichever he is—Solicitor-Attorney General—"

Hon. Mr. Elgie: Both.

Mr. Van Horne: Both—"how is he involved more than the Minister of the Environment or for that matter the Minister of Labour?" I submit to you that what you said in reply to us a few moments ago was superficial, in so far as it does not tell us how the govern-

ment is accommodating any kind of major emergency in the province, and you have made reference to a committee of government. We have had one major accident within the last few months, and we have had another not too far from us in the United States. I think it is incumbent on you, as a member of the cabinet, to suggest and to submit to your fellow cabinet members and the Premier (Mr. Davis) that it is time the province came up with a master plan to deal with such emergencies.

I don't think you are doing that, unless you are holding something back. If that is the case, having been called a red Tory you would be free to admit it at this point and tell us all about it.

Hon. Mr. Elgie: I think that you are a blue Liberal. That is the truth of the matter.

Mr. Van Horne: The truth of the matter is that I don't particularly care to try to cover my tail politically and save whatever is possible. I am here to ask questions that I hope will send Ontario in a forward direction. I would submit to you I am concerned about this. We have lots of problems that have to be addressed and I would like you to answer what I have put to you.

Hon. Mr. Elgie: I'll start at the beginning of your comments. I might say that Dr. Fitch and the whole occupational health and safety group dealing with their then role as lead ministry—

Mr. Van Horne: I am sorry, the what?

Hon. Mr. Elgie: Dr. Fitch and Dr. Aitken, together with the group involved in the nuclear planning portion of our ministry at that time when we were the lead ministry, had been working long and diligently on off-site emergency planning in the event of a nuclear emergency. We have previously reviewed that. As you know, on-site planning was the role and remains the role of Hydro.

To live up to those commitments, to the best of my recollection, there have been three full-scale trials in the Pickering region since 1976. Is that correct, Dr. Fitch? These were carried out with independent evaluators at each of them and it is my recollection that the evaluators rated the performance very highly.

At the same time this was going on, there were already similar plans that were carried over from health, and revisions of those plans were taking place at other nuclear sites. I refer particularly to the Bruce area.

What you tend to recall as something different than the CBC recording was really the CBC's problem, not ours. We announced

very clearly that we were running a very limited disaster episode up in Bruce, and we did so. If the CBC interpreted that as having a broader mandate than it did, then they misinterpreted the whole purpose of the exercise. It was intended only to be a very limited exercise. That is what it was.

In any event, as a result of all of those events of which you are well aware and have recounted, it was felt that this emergency planning function should be in the hands of the Solicitor General and an emergency planning committee supervised by the cabinet committee on emergency planning.

We have hired a well-known man from the military who has a great deal of expertise in this area to direct this process. I am satisfied very sophisticated planning is under way.

Mr. Van Horne: On the point concerning the police and the Solicitor General, is that because you are more concerned about law and order than you are of the procedures of the safety?

Hon. Mr. Elgie: No, it is just a matter of practicality. It seems from my own experience as a physician, having dealt with the Midland Avenue train disaster, it is inevitably the role of police, ambulance and fire personnel to have a major role in the disposition problems of traffic in any emergency situation. It was in recognition of that reality this decision was made.

I think we were proven to be right in the Mississauga disaster. I think that disaster, looking at the way it was handled, is looked upon as a model.

Mr. Van Horne: I didn't say you were wrong.

Hon. Mr. Elgie: I am just recounting what I view as the verification of the move that was taken. I don't see any problems with the direction we are taking. Indeed, I am rather pleased. I think we are probably out in the forefront.

Mr. Van Horne: I was searching through my clippings and newspapers to find an ad in which it seemed to me you were advertising for someone to be a co-ordinator for emergency matters after the fact. I can't find it now so I can't really use it at this point.

Hon. Mr. Elgie: Dr. Fitch seems to recall the ad, he is indicating. Do you want to comment on it, Dr. Fitch?

Dr. Fitch: I think I should, sir. This has nothing to do with the co-ordinator who was appointed by the cabinet committee, but rather within our own branch. We have had the planning function in relation to contin-

agency plans for the last five years. The person who has been in charge of it has been slated for retirement within about a year. So we thought it would be a good idea at this point to take on another person as an assistant to him, at a time when there is quite a lot of planning going on, with the intention that the second person would replace the incumbent at the end of the year. That is what the advertisement was for.

Mr. G. I. Miller: Did he take part in the Mississauga episode?

Dr. Fitch: No, this person has only joined us recently.

Mr. G. I. Miller: No, the one who is retiring. Was he available? Did you utilize that system in the—

Dr. Fitch: No, his job was related to radiation accidents only. This wasn't a nuclear accident.

Mr. G. I. Miller: His job is strictly nuclear?

Dr. Fitch: Yes.

Hon. Mr. Elgie: The other comment you made was in reference to our presence there. Dr. Fitch, did you take many hours away from that site?

Dr. Fitch: I was there during the whole week in my role as the medical adviser to the Ministry of the Environment.

Mr. Van Horne: What is your role as medical adviser to the Minister of the Environment? How many advisers has he got within his own ministry?

I hate to spin off on this, but if one thing bugs me it's the apparent lack of co-ordination among various ministries. Maybe I shouldn't be bugged. Maybe I should be back on a waterbed saying, "Thank God, the great Tory government is looking after me."

Hon. Mr. Elgie: I agree with that.

Mr. Van Horne: I can just put myself into a state of euphoria and say, "Bob Elgie's the greatest thing since sliced cheese."

Hon. Mr. Elgie: I've never tried a waterbed, but I'll try anything once.

Mr. Van Horne: I simply have to ask is the good doctor here the only one they have?

Dr. Fitch: My branch has the responsibility of providing medical support to the Ministry of the Environment.

Mr. Van Horne: They have none of their own?

Dr. Fitch: They have none.

Hon. Mr. Elgie: No independent service. We act as a resource to them.

Mr. Van Horne: I'll sort this one through.

Hon. Mr. Elgie: We don't consider duplication to be anything enviable. What we're attempting to do is avoid duplication by providing a resource that has never to our knowledge been short in being able to supply the service they require.

Mr. Van Horne: That's strange. It's an interesting avenue to follow. How many ministries do have medical advisers? Can the minister answer that?

Hon. Mr. Elgie: I can't answer that. The Ministry of Health has.

Mr. Van Horne: We would hope it has one or two.

Hon. Mr. Elgie: Don't forget they have a dual role in public health. One is the infectious role, which we are not involved in. Then there's the environmental pollution portion, for which we do on occasion provide a resource role, as we did at Port Hope. Is that correct?

Dr. Fitch: Yes.

Mr. Van Horne: You're saying to me the Ministry of the Environment has no direct medical staff available to it.

Hon. Mr. Elgie: I don't know that. The understanding I have is that we act as a medical resource to the Ministry of the Environment. It's working very satisfactorily. I'm not aware of any problems with it. Are you, Dr. Fitch?

Dr. Fitch: No.

Mr. Van Horne: I'm going to pass at this point.

Item 6 agreed to.

Mr. Chairman: Are there any questions on the Provincial lottery trust fund and the financial Administration Act?

Mr. G. I. Miller: How's the numbers game going? How effective is the Provincial lottery grant program? Is it to the advantage of the Ministry of Labour?

Hon. Mr. Elgie: I'll ask Dr. May to comment on that. The applications and the grants I've seen have been very worth while. Sometimes I wish we had more money.

Dr. May: To date, we've funded 10 major courses for education and training at universities and community and technical colleges. We've developed four resource centres. We've funded 41 individuals for courses ranging from master of health sciences to fellows in occupational health. We've funded 19 major research projects.

Mr. G. I. Miller: Do you have a budget for next year or any plans to utilize that? Has any money been allotted?

Dr. May: Yes, we have some for that. Some of the projects are funded over a period of three years, so we have some commitments to meet. The remainder will be allocated, depending on what comes in as new requests for funding from individuals or for courses or for the development of further education and training programs.

Mr. G. I. Miller: In 1978-79 it was \$1.5 million; this year it is \$3 million. Will that be totally used?

Dr. May: No, it won't be totally used because some will have to be committed perhaps again for extended periods of time. Some of them are two- and three-year periods of funding.

[9:00]

Vote 2404 agreed to.

On vote 2405, employment standards program; employment standards.

Mr. Van Horne: The minister replied to some of the introductory comments we made but we did have three points on which I would like him to elaborate just a bit. On the first one, vote 2405, item 1: does the provincial government intend to introduce legislation to provide protection for unorganized workers in provincial jurisdiction against unjust dismissal as has been done at the federal level?

You've replied to part of that, Mr. Minister, but I would like you to go back to that.

Hon. Mr. Elgie: What I think I said was that at the present time three jurisdictions in Canada had some unjust-dismissal legislation. The province of Nova Scotia had an unjust-dismissal section effective after a worker has been employed for 10 years. The federal government had a one-year section and recently Quebec introduced a five-year unjust-dismissal section.

I've indicated an interest in reviewing the importance and the need for such legislation, but I did point out to you in fairly great detail that one of the problems faced is that the organized sector has the advantage of the bargaining committee to facilitate the sorting out of what for want of a better word I'll call valid grievances. That isn't available in the unorganized sector. That's one of the problems we have to consider.

We are prepared and willing to look at it. I can't give you any policy commitment other than to say that I'm prepared to review it.

Mr. Van Horne: Again, the problem in part is that I scrambled around today through notes we had made and I tried to get the Hansard which ain't too instant in the committee process and we just simply haven't

got it to refer to. I'm suffering from that and assuming we meet again, it is very likely I will have to elaborate on these in the spring.

The next point was do you intend to introduce any kind of legislation protecting workers from constant electronic surveillance? I realize the member for Hamilton East, Mr. Mackenzie, has gone into this, and rightfully so. The members of the New Democratic Party have had a long, involved experience with these people who have been subjected to this.

I would simply ask you to go back over this ground a little for us. It's important that we understand clearly just what the intention is of your ministry.

Hon. Mr. Elgie: As you know, we've tabled and distributed a paper covering the issue of electronic surveillance as it's viewed by many to constitute an invasion of privacy. I think it's a fairly elaborate paper which I think was very well done. We're presently receiving responses from it.

I must say I'm a little disappointed that we haven't received a greater volume of response. However, they are now starting to come in in a little greater number. We'll set some time limits. They haven't yet been set. I suppose if we haven't received more replies within another month or so we'll probably send out a notice setting a deadline. Then we'll review the responses and the principles involved and we'll develop a policy that'll be taken eventually to cabinet for consideration. What the end result will be will be a result of those deliberations.

Mr. McClellan: Can I just get in? I lost the thread there.

Hon. Mr. Elgie: The paper's out. We're starting to get responses. Initially they were very slow in responding but now we're starting to get a few more. I think that eventually within a month or so we'll probably have to notify all those who received papers that we're going to set a deadline for responses and then review what we've received in the light of the paper and draft some recommendations from it.

Mr. McClellan: Has the paper been circulated to members? You've said it's gone to the critics but has it gone to the members?

Hon. Mr. Elgie: Yes. One or two members have written me actually. Not you.

Mr. McClellan: No, I'll have to dig it out of the file.

Hon. Mr. Elgie: You already have spoken on it.

Mr. McClellan: I think I've put my position on record, yes.

Hon. Mr. Elgie: Your position's pretty clear.

Mr. Van Horne: I think our leader's is relatively clear on that too, is it not?

Hon. Mr. Elgie: No problem. I understand one of your members has written in to make his position very clear.

Mr. Van Horne: This is what I was just checking with my colleague from Haldimand-Norfolk to ascertain whether or not there should be further follow-up from us. This is an issue on which we were concerned and we don't want to leave you or anyone else out there with the impression that we're not pursuing it.

Hon. Mr. Elgie: I've heard from one of your members who's very supportive of the content of the paper and who's made his position clear. I assume he's speaking for the party, but in any event, I understand your view.

Mr. Mackenzie: There are half a dozen matters I want to raise, but I recognize we've a fairly long way to go and I'll try to hurry up these matters. I want to bring to your attention once again—it'll be brief, but we've discussed it at some length—the question of the distribution of tips.

You'll recall that on December 6, 1978, you made the comment in these estimates, "You can expect me to review that as part of the employment standards review package that is under way." There are a couple of matters I want to raise with you and just see what you've done in terms of that employment standards review package.

Another matter I raised with you also on December 6, 1978, because I had some letters on it—I haven't had new letters since, but I think the argument is as valid today—as the question of somebody who has worked for an employer for 10, 15, 20 or 25 years. The case I had last year was of a lady whose husband worked with a construction outfit and because the man next door worked at one of the plants where they had a negotiated contract his family was going away for five weeks on their summer vacation and all her husband was getting was two weeks.

It doesn't make sense. Fifteen or 20 years of service should entitle a person to three, four or five weeks' vacation under the employment standards. You indicated that it did make sense to you in your comment: At this early stage of my career I have to say that it does make some sense." I'm wondering if you've taken another look at the possibility of some changes in terms of vacation that's allowed based on good, long and

loyal service, and if you've also taken a look at the extension of time in termination notices in reference to the whole question of plant moves and so on.

I think it was Mr. Armstrong who answered, also on December 6, that, yes, the question was one of the substantive matters being considered by the employment standards review committee. I'm wondering if one year later there's been any action on any of those three particular reviews or if you've any further comments to make on them.

Hon. Mr. Elgie: I can't say that it's at the stage yet where there's been any policy arrived at, but those are certainly issues that have been put before me recently by the employment standards review committee for consideration. I still feel as I did a year ago that there is a lot of merit in your view that longevity of service should be related to an increasing period of vacation time.

What were the other two issues you were talking about?

Mr. Mackenzie: The question of distribution of tips and the question of the length of notices for plant closures, terminations and moves.

Hon. Mr. Elgie: We discussed the tip question a little earlier; Mr. Swartz was involved in it and indicated that part one of a broader study on tip distribution had been completed, the employer portion, and that we were now engaged in a review of 2,000 employees—if that's the correct figure—to first of all see if their information is in tune with the information that's been given us by employers and to see the extent of the problem and any difficulties it's creating.

I understand there are individual problem areas, but we're trying to get a broader view of it. In the meantime I have met with industry and labour representatives in the hospitality industry to review their problems and to discuss them with their counterparts. That's where things stand at the moment.

Mr. Mackenzie: Tip distribution, as you'll recognize from a number of discussions we've had, can have an adverse effect on a number of things, including the pay levels of other employees and the efforts to organize other employees. In my opinion, the fact that some of it can go to classifications such as cooks tends to undermine legitimate wage rates and negotiations. I think it is a matter that legitimately is a responsibility of the ministry and one of some concern.

In all three of the comments on these three points, Mr. Minister, reference was made by yourself and Mr. Armstrong to the employ-

ment standards review committee or review package; the three items I raised here a year ago all have some validity. What's happened to that employment standards review committee or package? Were there any recommendations made by it?

Hon. Mr. Elgie: There have been no policy decisions arrived at as a result of any recommendations from that committee.

Mr. Mackenzie: Is there any likelihood that a year from now we'll see some action on any of these points?

Hon. Mr. Elgie: I would hope so.

Mr. Mackenzie: I have two or three small matters. I have contacted Mr. Scott on these, but I raise them simply because I think they are also areas where there might well be some tightening up in employment standards. One of them deals with young lads who are involved in distributing flyers and the pay they receive. This first came to my attention forcefully when a father of one of the young lads pointed out that his son had worked with an outfit called Marret Distributing to deliver flyers, and was owed \$8.04.

I'm not getting much satisfaction, I can tell you, out of Mr. Drea or Mr. Grossman. I think all that's happened really is that the one distributing firm has transferred to another. The same people who were in charge of Marret—or some of the same people—are now working, in this case, for Diamond Distributing. The answer that was received when employment standards were contacted was that anything under \$10 wouldn't be handled by employment standards.

I can understand that that is policy. You're getting down to pretty small figures. My simple argument is that a young lad who's gone out and distributed them and is legitimately owed the money should have recourse, because that \$8, \$9 or \$10 to him may be as much as \$40, \$50, or \$60 to somebody else.

Hon. Mr. Elgie: It's a lot to him.

Mr. Mackenzie: I'm wondering if there is any particular ministry policy on that that is official policy.

Hon. Mr. Elgie: Mr. Scott, could you review that problem for us?

Mr. J. R. Scott: The policy of the branch is to establish a cutoff with respect to claims—we're talking about adult claims—based on the cost of the investigation, where you're talking about \$8 to \$10 as a limit. Certainly that is not a rigid policy, by any means. Exceptions do occur to that, particularly when you're faced with a claim from a young person, such as in this case here. The branch would act on his behalf.

The policy is there. An error occurred in this case. The policy has been reaffirmed by memo from myself to the field, and we'll be looking at that.

Mr. Mackenzie: In passing, I'm wondering how much of an example this is. I'm pleased to hear that it is being looked at.

I had the opportunity to address a touring group of boy scouts that was in here just two weeks ago, following their brief visit in the gallery, and I raised this as an example. They asked me what are some of the things that happen in terms of labour matters and I just pointed it out as an example. Before we had finished the meeting, both through the kids themselves and the teachers we had five out of a group of 43 scouts who had had exactly the same kind of experiences. I was really amazed at the comments we got in the meeting with the boy scouts.

I didn't take down the details, but it indicates to me there may be more than a few. I've had a couple of other cases involving flyer distribution. It appears to me that there may be just a little bit of a—I don't know what you'd call it; I suppose ripoff is as good a word as any—ripping off of some young people in terms of these kinds of activities. I would hope it's something the ministry is trying to keep on top of.

I had another case that I've also brought to Mr. Scott's attention where a young lad came to me who was working at Black's Cameras in Hamilton. He'd been there a year and a half. My checking indicates that he was pretty good as an employee. As a matter of fact, he quit himself after a year and a half, simply because he thought he was going to get—or maybe he had been led to believe he was going to get—the manager's job in the store, and didn't, when it came open. He was one of three salesmen in this particular store. [9:15]

The situation—and I think it's uncalled for—is simply that the monthly salary being paid to the salesmen involved in the plant was \$665, plus a spiff commission on specific items—at least they called it a spiff—plus one-half of one per cent to be distributed among the three salesmen on total sales over the course of a month. In the event that the sales topped 15 per cent above the same month in the previous year, then one per cent was split among the sales staff of the organization.

The young lad who came to see me felt he'd been taken a bit in that while he received his \$665, and while he received his \$25.38, which is the specific spiff on commission he was entitled to—I should say he

worked until November 10 and this was for the month of October—he did not collect the \$81 that he was entitled to as his share of the one-half of one per cent for the month of October. The reason given—and I understand they can probably get away with it; I think they shouldn't be able to—was that if he wasn't working there when the cheque was issued for the commission he didn't get it, and that was company policy. He was certainly there, and took part of the sales, not only for the month of October, but almost for the first half of the month of November. It really seems to me like a pretty cheesy policy very frankly.

I don't know whether we can do something in a case like that. But it seems to me that is really money that person earned, and it should be treated exactly the same. I'm wondering if there is some way this can be looked at in terms of employment standards.

Mr. J. R. Scott: The case had been assigned for investigation before I got the letter from Mr. Mackenzie; he had contacted me by telephone. What this will turn on is the terms of the contractual arrangement that exists between the firm and the claimant; that is, whether it's clearly set out that he is entitled to the spiff or to the overriding commission, or no.

Hon. Mr. Elgie: What does "spiff" mean?

Mr. Mackenzie: The specific commission on the sales of certain items.

Mr. J. R. Scott: We'll have to determine that from talking to management. If they have a manual that applies, that governs their employee relations; I've asked to see a copy of that. I'll just have to wait and see what the investigation reveals, Mr. Minister.

Mr. Mackenzie: I guess my real question—and once again, I appreciate the action taken—is: If the salary is legitimate—which it obviously would be, if the specific commission is legitimate—those sales were also completed before the end of the month and should a company manual really be able to override due earnings of that employee?

Mr. J. R. Scott: We have the right to enforce the terms of the contractual arrangement. If that contractual arrangement states that a person must be in the employ of the employer at the time the commission is paid, and he is not in his employ, then you would hold that he is not entitled to receive the commission. That's what we have to determine from a detailed interview with the claimant and also from a thorough examination of the company policy.

Mr. Mackenzie: I'm wondering if it's not the time that we may consider that instead of why it is paid, that it has to be paid if it is earned while he is an employee of the company. I'm not sure just what kind of a change would have to be made, but it seems to me that the company manual—and I can't disagree with what you're saying—is being used to cheat this employee out of \$81. Maybe it's all of them. It seems to me it's grossly unfair. He obviously hasn't collected any commission based on his first 10 days in November, but he sure earned all of that. The month was finished—it's based on a monthly commission, as I understand—in October. It's a loophole that should somehow or other be plugged legislatively is what I'm saying.

Mr. Armstrong: I guess what Mr. Scott is saying is that it remains to be determined whether or not a loophole exists, because under the provisions of section 7 of the Employment Standards Act it is quite clear that the employer is under an obligation—as I read the section—to pay to the employee the wages, be they in form of salary or commission, in accordance with the contract of employment, oral or written. As I understand your answer, you are in the course of determining whether that contract or arrangement provided for the payment in the circumstances of this particular case.

Mr. J. R. Scott: What bears on that is the definition of wages and also the section under which we would issue the order to collect wages.

Mr. Mackenzie: I haven't seen it, but I suppose you're going to get the managers' manual. The employee hadn't had it read to him until he took it as far as he could go, which was the head of personnel of the Black's Cameras chain, who supposedly read to him from the managers' manual. He didn't call it the company manual but the managers' manual. It said they do not have to pay commission if the employee is not employed with them at the time the cheque is issued. It seems to me that shouldn't be allowed to prevent that payment.

Hon. Mr. Elgie: It is a question of how much we intrude into the contracts between willing negotiators. I would be happy to look at it.

Mr. Mackenzie: I also wanted to raise another long-standing dispute centred once again on tips, although that's not what bothers me particularly in this case. I am referring to the Dolores Raycroft case, which was also handed on to Mr. Scott. She was employed as a waitress at the Old Mill.

From checking on her background I find she had a long and good record as a waitress. I think there are some personality disputes involved in the current situation.

I was interested in the \$2.50 minimum wage, as they certainly haven't gone above the minimum in that particular establishment and the share of tips which included specific payments of \$1 a day to the bartender and 1.5 per cent of total sales to the busboys. But it wasn't this particular arrangement that really threw me here; it was the fact that each waitress in this particular establishment is charged \$5 for any bills she doesn't turn in at the end of her shift. In this particular case the waitress was asked to drive a couple of employees home, which she did. She forgot to turn in the nine bills she had left, although she left them on the premises with her book and her records. When she realized she hadn't turned them in she came back, which was a fair drive. She was told "tough luck" in effect and that she had to pay the \$45—it was the same evening. She refused to pay it and that led to her no longer being called in. It was made pretty clear to her at the time that she wouldn't be.

I recognize that the local office was involved in this dispute and, according to the information I'm given, that an appointment was set up with the owner of the particular restaurant—they own other restaurants in town—with the suggestion that there might be work for her in another establishment. I don't know what went on at that meeting, except that she was told she would get excellent references, but another job offer was not made.

That's not the crux of the issue. As far as I'm concerned, the crux of the issue is whether or not requiring payment for unturned-in bills is a proper practice. Further, I want to find out how tough they could be in that particular establishment on a Chargex charge that didn't go through or where customers walked out without paying. In both cases, I'm told, the employees are held responsible in this particular restaurant. That is a further indication to me that the idea of the \$2.50 minimum wage has one hell of a lot of flaws in it in terms of employees in the restaurant, hotel and entertainment industry.

Mr. J. R. Scott: The practice Mr. Mackenzie refers to is not uncommon in a high quality place. It's a means of controlling the slips the waitress uses in computing the charge. We should understand that there has to be some control placed on that. Without

this control there could be conversion, I guess, by the waitress that would be beyond the control of management.

My problem is that the payment the employee makes is not shown as a deduction in the wage record and, as such, a deduction from the level of minimum wage. It is paid from the tips that she has in her possession. Their position, of course, is that if the employees don't pay the money they're asked to pay, then they are not recalled. These are waitresses who work on a call basis as a rule.

Mr. Mackenzie: I am wondering if part of the minister's review of the whole area of tip distribution in the entertainment industry is the question of these kinds of charges. I gather they vary from establishment to establishment too. I suppose the good graces the waitress is or isn't in, depending on what kind of dispute she's had with the maître d' or the supervisor or the owner of the restaurant, can influence just how severely they're dealt with. But I think that somebody who has returned to be then told, "You owe us the \$45 regardless," and to end up without a job as a result is a pretty severe penalty and a pretty lousy way to deal with people.

Mr. J. R. Scott: I would like to just say this. We're not impressed with the management of that place when a person is charged \$45 when they've returned and the slips are not lost. As far as the branch is concerned, we are in a position that I don't believe we can do anything about it if it is money that is paid out of the tips of the person.

That is something that is going to be looked at in the survey we're doing now.

Hon. Mr. Elgie: That is a practice we're particularly interested in; walkout is another one.

Mr. J. R. Scott: That's right. We certainly don't agree with the walkout. That is strictly a violation of the legislation at the present time.

Hon. Mr. Elgie: If the person's charged, yes.

Mr. Mackenzie: I wondered about that but I wasn't sure because I've had a number of complaints about that, including this specific restaurant again. Do we then take action?

Mr. J. R. Scott: Yes, we do.

Mr. Mackenzie: What happens to the employee? It's always my concern where they have a number of people on call-in because they only have to lay the complaint once or twice and then you wonder whether they're called back in or not anyhow.

Mr. J. R. Scott: It's very hard to deal with that particular case without reviewing the name of somebody or identifying somebody or having somebody identified. But certainly we don't approve of the practice and the legislation presently doesn't permit it.

Mr. Mackenzie: My cynicism arises from the fact that the owner of this particular restaurant is probably the owner of the biggest establishments and certainly the biggest in contracting out for any number of functions and has another major restaurant in Hamilton. You really wonder just exactly how people get away with these things and why somebody who is at the top of the bloody trade seems to operate in this particular fashion. I don't know any other means of counteracting it than really tightening up some of the employment standards.

Mr. Ziemba: Who is the owner, Bob?

Mr. Mackenzie: For the moment, for other reasons, I'm going to drop it; I want to raise other matters.

Mr. Chairman: Are you finished, Mr. Mackenzie?

Mr. Mackenzie: There are a number of things I'd like to look at in employment standards, but I want to make it clear—I almost hate to do it; I don't know if I'm getting somebody in trouble or not—I do have to say that I have received nothing but co-operation in the complaints that I've raised with the employment standards section. My problem there, as with some other sections of our ministry, is that I hope like hell you're going to tighten up some of the lousy rules and regulations we're operating under; then they can be a little more efficient still in terms of some of the problems we have with people.

Hon. Mr. Elgie: Take those kudos, Mr. Scott, and run.

Mr. Haggerty: Mr. Chairman, in his lead-off the minister made a few comments to the committee members. I had directed a question to him concerning the different opinions or views as to the hours of work in the province; it's related as 40 hours a week and I guess 48 is a maximum.

Hon. Mr. Elgie: Forty-four.

Mr. Haggerty: Forty-four, maybe 48, and then 56, I guess, in the construction trades.

Hon. Mr. Elgie: It's overtime after 44 hours.

Mr. Haggerty: But you can go as many hours as you want after that, can you not?

Hon. Mr. Elgie: Forty-eight is the maximum.

Mr. Haggerty: Nothing beyond 48 hours then?

Hon. Mr. Elgie: It's voluntary after 48 hours.

Mr. Haggerty: In a number of cases industry doesn't apply that voluntary measure, though. As I mentioned before I've had a number of complaints about it and its interpretation. Where there is a union and the contract says 40 hours, does the union contract or does the provincial legislation supersede the 40 hours a week?

[9:30]

Hon. Mr. Elgie: The union supersedes it.

Mr. Haggerty: The 40 hours a week is binding? But is there not another question that management can request certain provisions that permits them to go beyond that?

Hon. Mr. Elgie: Mr. Scott?

Mr. J. R. Scott: The hours of eight a day and 48 a week can be exceeded under the terms of the permit that can be issued to the employer. Permits are issued in two forms. What we call the standard blue permit that I guess most employers in the province would hold authorizes overtime in the amount of 100 hours in excess of 48 for the year.

Mr. Haggerty: For the year; that's 100 hours per year:

Mr. J. R. Scott: And if the reasons are justified additional hours can be authorized in the form of a special permit that would extend the terms of the first permit:

Hon. Mr. Elgie: That's voluntary.

Mr. J. R. Scott: The hours authorized under both those permits require the agreement of the employee to work those hours. He has the right to refuse based on a court case from the Supreme Court of Canada, commonly identified as the Galt Metal case.

Mr. Haggerty: It has been brought to my attention that a number of companies perhaps coerce their employees—threaten them by saying, "If you don't go on with it, the job will not be here."

In one particular case drawn to my attention the company had posted on the bulletin board, expecting every employee to read it, something saying "You are going to be working Sunday," or, "You're going to be working Saturday and Sunday." Of course, sometimes employees may have other commitments, but they are threatened that either they come in to work or the job will not be there; the employer will find someone else who wants to work.

In some cases industry uses that to its advantage in the sense that they don't have

to put on a third shift. They work the first ones around—what do they call it?—four shifts a week or something like that; longer hours than is necessary.

I suggest that if we are looking at encouraging additional employment in Ontario perhaps 40 hours a week should be a standard. I remember going out on strike for 40 hours a week and it rather disappoints me that now we go beyond those 40 hours. I can name you industry after industry in the peninsula that is going this route without hiring additional personnel.

When you make an agreement with an industry I suggest there should be some method or measure to provide that the employees are informed of such an agreement, because many employees are not. Now I don't even know if the unions are aware that there is an agreement signed between the Minister of Labour and management that they can extend the working hours. The employee has some rights in this area and he should understand fully what the intent of the legislation is and how forcefully it can be implemented by management.

Mr. J. R. Scott: If it is issued that permit is required to be posted; it states so on the permit.

Mr. Haggerty: Has anybody in the ministry ever checked this out to see that it's done? In my day in industry I've often seen that the shop or factory act was put up, but that's about the only thing you ever saw posted.

Mr. J. R. Scott: In all honesty, I wouldn't say that that's a major part of our investigation but certainly we do examine that.

Mr. Haggerty: Where there is a union in an industry, do you notify the union that there is an agreement signed between the Minister of Labour and management?

Mr. J. R. Scott: That there has been a permit issued, Mr. Haggerty? No, we do not, not for the standard blue permit; that's not a practice or a policy. Where we think it's necessary, if a special permit is issued we would consult in some instances with the union to see what their feelings are about it.

Mr. Haggerty: Mr. Chairman, to the minister, don't you think it should be your responsibility that the employees should be notified of this too? That even their union should be notified of such an agreement? I think the employee is entitled to know that.

Hon. Mr. Elgie: The present policy is that you never notify, Mr. Scott?

Mr. Haggerty: He said in some instances.

Mr. J. R. Scott: There are instances under the issuance of a special permit, Mr. Minister, where we would ask for the views of the union, but not in all cases, no, if they were satisfied with the reasons that are provided by management. And we take into consideration and keep in mind that the employee does have that right to refuse.

Hon. Mr. Elgie: I think what Mr. Haggerty is driving at is, does the employee know he has the right to refuse? That is the point that he is making.

Mr. J. R. Scott: I believe they do, sir, yes.

Mr. Armstrong: Mr. Scott, you have the right under section 56 of the act to require the employer to post, which you exercise.

Mr. J. R. Scott: Yes, it is required to be posted.

Mr. Armstrong: Yes.

Mr. J. R. Scott: They have done that.

Mr. Armstrong: Further, the suggestion Mr. Haggerty makes in respect to the employer is that point concerning the employee who seeks to rely on his right to refuse to work overtime. Section 57 of the act provides, in effect, that it is a statutory offence for an employer to dismiss or otherwise deal with an employee by way of discipline because the employee has sought the import of the act.

Mr. J. R. Scott: Yes, that is correct.

Mr. Armstrong: So if that does occur that would be a statutory offence by the employer under the act. Is that correct?

Mr. J. R. Scott: Yes, that is correct.

Mr. Haggerty: I know of this one instance. I did contact Mr. Scott on it or somebody in the ministry there. They were a great help to me because I relayed the information to the person who was perhaps going to be dismissed. He took it to his union. Well, then action was taken.

You cannot do this with employees. This business of putting a notice on the bulletin board hoping the employees will read it when the employees are saying "We are going to watch definitely because we have to punch this time clock." They are going to bang that card out and get on their way. They are not going to take time to read it. So it was indicated to him through the ministry that they had to notify him, or ask him personally, if he wanted to work and that the foreman or supervisor should be doing that. Apparently it had just come from the personnel manager who said: "This is it. You are working and that is it."

As I have said, what caught my attention in some cases was where employees had been coerced into it. The management had been rather tough on this particular issue. The information I have gathered tonight would be certainly sent back to the unions saying that this is the interpretation of the act and this is what the minister has said, so it must be law.

Hon. Mr. Elgie: Or the deputy says it.

Mr. McClellan: He hasn't got a QC, has he? No.

Hon. Mr. Elgie: Yes?

Mr. McClellan: He has, has he? Well, he should turn it in. Pardon me?

Hon. Mr. Elgie: He turned it in for a while.

Mr. McClellan: Hopefully he earned it, did he?

Hon. Mr. Elgie: Don't we all?

Mr. Mackenzie: No one earns a QC, you know that.

Hon. Mr. Elgie: Don't ask.

Mr. Haggerty: But has the ministry considered, though, looking at 40 hours a week?

Hon. Mr. Elgie: They are always reviewing the question of hours. There have been a variety of private members' bills on the issue, too, as you know.

Mr. Mackenzie: Yes, but there have been lots of votes against private bills.

Mr. Haggerty: But even in the construction industry—

Hon. Mr. Elgie: The other thing you have to remember is that employment standards do not say this is what everybody must work. It is setting a minimum. Anybody is entitled to negotiate anything.

Mr. Haggerty: That is right. I think if a person wanted to work 40 hours he should be able to negotiate that.

Hon. Mr. Elgie: The Employment Standards Act does not say that no one shall work less than that.

Mr. Haggerty: Yes.

Hon. Mr. Elgie: It allows people to negotiate different arrangements.

Mr. Haggerty: Sitting as a member of the select committee on Hydro, we have looked at the costs of Ontario Hydro, and deliberated about the overtime in the construction industry. You begin to question whether a person can put in the time in a week in that type of employment then the next day do a good day's work. The overtime is just fantastic in this field. All I am suggesting

to you is that there could be areas here for additional employment, if you could control that perhaps a little better.

Hon. Mr. Elgie: Well, I know that if we—

Mr. Haggerty: I know in my day in industry I always looked for Saturday and Sunday work because it was double time and, boy, I will tell you your pay increase was fantastic there. You could take the rest of the week off and just work Saturday and Sunday.

Hon. Mr. Elgie: Now that you are not working, you want it to be taken away.

Mr. Haggerty: No, but I know that—

Mr. Wildman: Mr. Minister, where do they put the posting on here for members as to how many hours over the quota they work?

Hon. Mr. Elgie: I'll show you. It is in the examining room. Step in.

Mr. Haggerty: I truly believe there are industries in the peninsula that are working seven days a week and 10 hours a day and 12 hours a day. There could be extra jobs provided for persons in this particular area. That would reduce our unemployment rolls.

Hon. Mr. Elgie: Certainly. Mr. Scott and I have talked about this many times. We have met at least on one or two occasions with industry about it. It is not an easy problem to resolve. That is just a fact of life. They have at times suggested the option of part-time permanent.

Mr. J. R. Scott: Yes, but that is not acceptable.

Hon. Mr. Elgie: That is not acceptable for some reason to the parties in the collective bargaining climate we have in this province.

Mr. J. R. Scott: It was turned down.

Hon. Mr. Elgie: That is something I just do not know the answer to.

Mr. Haggerty: Management puts forth an argument on the other side by saying it will not put them on a specified shift. That would mean having to pay all their fringe benefits and things like that, which is rather costly. I think that is a poor argument. We have to be looking to giving these youngsters an opportunity to get into the work force and be gainfully employed.

Mr. J. R. Scott: I was not impressed that that was a major argument. I do not think that turned up as a major thing on one of the surveys we did.

Hon. Mr. Elgie: What were the results of that survey?

Mr. J. R. Scott: I don't know.

Mr. Swartz: The results of surveys we have done in the past indicate that the impact of a 40-hour week would probably fall most heavily on low-wage industries. It would impact on employees who are now working a fair amount more than the 40 hours. Their standard hours would be reduced and their earnings would be reduced. According to the people we have surveyed, it is possibly more likely that there would be an inducement to employers to try to increase their productivity by putting in labour-saving devices and thus push up productivity and reduce employment. It is not at all clear that by lowering hours, particularly in some of those key lower-wage industries, one would increase employment.

I do not really see it as a tool for increasing employment. It should also be understood that the 40-hour work week we have set as our recommended level is not supposed to be the average. We say we are not at the average; we are slightly behind the average. What we are saying is that anything beyond this has to be considered extra and, therefore, compensation is required.

What we are really saying is if the norm is 40, then we are looking at a 44-hour rate, just to make sure no one is too far beyond what the norm is. If through negotiating and through establishing normal industrial relations practices in industry the norm goes down to 35 hours a week, if our survey showed that I am sure there would be a fair argument to be made for reducing our hours from 44 down to some other level. I really do not see any evidence thus far to indicate there would be any realizable increase in employment to be gained right now from reducing the hours.

It is possible that that could be the case in certain industries. You gave the example of construction on Hydro projects. I am making a case in general rather than in application to specific projects. I would not dispute the issue in specific projects. We would have to look at them on a case-by-case basis.

Mr. Ziembra: I have to ask you when you are going to do something about the plight of the building superintendents in this province. As you know, I have written to you about the situation that exists. All three dailies advertise for superintendents every day. They always advertise for a couple. While they are advertising for a couple, they are prepared to pay for only one person. What they are getting is a free employee. The wife ends up working for nothing as a free slave in situations like that.

I have written you about this, and you have sent me one of your under-review type of letters. I had thought you might attack it under the Ontario Human Rights Code. In other words, people are being discriminated against because they are single. I phoned a number of these employers and told them I was an experienced superintendent but when they found out I was separated they weren't interested in hiring me. So here I was, an example of what is going on out there.

[9:45]

Not only that, but when they do hire these superintendents they pay them about \$700 a month, plus their free apartment. It ends up that they are working about 100 hours a week for that money and their wives are working 100 hours a week for free. The wife is on call all day long for people who want to rent; she is expected to look after the lobby; she gives information to people who come to the door, there is always somebody coming to the door; and they are open for business until 11 or 12 p.m. most nights collecting rents and dealing with other matters.

I do not think it is good enough to say you are going to look into this some time. There is a real problem out there and it is getting worse, with unemployment going up. I cannot imagine why you would allow that kind of exploitation to go on.

The other thing I found a problem is getting these workers organized. I talked to local 183 of the labourers union and they say it is difficult to get these people organized as bargaining units because they make sure in the contract that the employer is employing one person and paying for one person and the wife is free to get a job or stay home and do nothing. That is as it should be. But because it is a bargaining unit of one, how do you get 55 per cent of a bargaining unit of one? It is almost impossible to get them certified.

Mr. W. Newman: You wouldn't understand that.

Mr. Ziembra: Mr. Chairman, I am not going to go on, but I just want to tell you that even after they are certified, there is no guarantee that the exploitation will stop. I am sure you have friends, Mr. Minister, who might have bought one of these MURBs at Harbour Square. You see them advertised in the Globe and Mail, "Invest in a MURB and avoid paying your income tax." You get these beautiful units which are guaranteed to double in value in five years. Instead of paying \$100,000 to the federal government you can put it into that apartment and let

your tenant pay it off for you. It is a way of chiselling the income tax. But these same people who chisel our income tax and buy these MURBs are also chiselling their superintendents, the people who work for them and clean up after them.

Do you realize that when their contract came up for renewal, the management board of Harbour Square offered the union 10 per cent less than the employees were getting under the old contract? You see why they are doing that? And they defied the union to go on strike. They said: "In one hour we can get a line of scabs from here to College Street to replace your union men. Just go on strike, we defy you to." Of course the union just walked out at that point.

But what can they do when this kind of situation exists? When you have a two for one deal going on in this province, surely to God you can bring in legislation that will prohibit an employer from insisting on two people for the price of one.

Hon. Mr. Elgie: As I said in my response to you, we are exploring some possibilities. John, have you any comments on it?

Mr. J. R. Scott: It is part of the review package, sir, and I have one comment to make. On problems under this legislation in various areas you will get letters, you will get claims, et cetera. In this particular area, we are the recipient of very, very, very few claims. I cannot remember when we last received one in the branch from an apartment superintendent.

Mr. Ziemba: They are afraid to complain, because the miserable jobs they have are still jobs and they don't want to lose them.

Mr. W. Newman: That is not necessarily so. I have been involved personally and that is not necessarily so.

Mr. J. R. Scott: I am only remarking that there is a dearth of claims placed with the branch. We just do not receive them. Whether that indicates that there is a lack of problems or whether—

Mr. Ziemba: Why don't you open up the paper and take a look at the numbers of ads that are advertising for couples? They will tell you right up front they are only paying for one person, yet they want two people there.

Mr. J. R. Scott: Yes.

Mr. Ziemba: I found out; I phoned them. Just pick up the phone and give them a call and find out for yourself.

Hon. Mr. Elgie: That issue is also before the Ontario Human Rights Commission, isn't it?

Mr. Ziemba: Damned right it is, but it is not good enough to say it is under review. That is a mealy-mouthed answer, Mr. Minister. I would like to get some action and get it now.

Hon. Mr. Elgie: I can only repeat that we are looking at it.

Mr. Wildman: The minister will recall that not long after he was appointed I wrote him regarding a very serious matter that related to employees working for construction companies in my area building highways on government contracts. As the minister knows, when the contract is signed by MTC, part of the establishing of that contract is determining the rates of pay to be paid to various classifications of employees. Those rates are posted.

I had a number of complaints in regard to one company where the posting was done but they were not getting paid as much; there was a significant difference between what they were actually getting paid and what they were supposed to be paid according to the MTC contract. I want to say that I appreciated the quick response I got from you after a couple of letters on that particular case. The company had to pay retroactively all of its employees the difference between what they were supposed to have been paid and what they were actually being paid on that contract.

Unfortunately, I found out, subsequent to the contract being completed, that even after they were informed by the ministry that they had to pay the difference, they only paid part of the difference. They never paid the full difference. Because these employees were unorganized, they were not members of a union, they were afraid to complain any further.

As a matter of fact, I understand that this was not an unusual thing in that particular company. They had a large number of MTC contracts and apparently this is a pretty well standard approach in terms of their paying their employees. The employees haven't complained very often. The first person to complain was a student who was not worried about having this as a permanent job. Unfortunately for him, I found out that the act did not apply to him, so even when action was taken by the ministry this poor guy didn't get anything out of it.

What I would like to know is what follow-up the ministry does to ensure that, when this kind of thing is discovered, the changes that are required are actually carried out. I would like to ask that first and then I have a couple of other questions here.

Mr. J. R. Scott: I think what Mr. Wildman is referring to is where we permit an employer to pay directly to the employee, or to settle the amount that is owed by the employer to the employees.

Mr. Wildman: Yes.

Mr. J. R. Scott I gather in this particular instance the full amount was not paid to them. We do post-audits on that particular situation; they are what we call self-audit pay directs. They are authorized and we do check out a percentage of those to ascertain whether the employer has carried through on his agreement to make that payment. We certainly do not do every one of them.

We have two or three ways of doing it. We advise the employee that he will be getting something from his employer. We ask him to advise us if he does not. We certainly do not approve of anybody not receiving what they are entitled to and if we know about it we will do a full and detailed audit by the officer if that has happened.

I don't know what this particular case is, **Mr. Wildman**. I cannot remember.

Mr. Wildman: I wrote two or three letters to the minister about it, so you have it on record. It wasn't until after the contract was complete that I found out they hadn't paid the difference they were supposed to pay.

But my concern is this. In these particular cases, we are not talking about any penny-ante little contract. We are talking about big contracts. A lot of taxpayers' money is being paid out. The tendering process is carried out on such a basis that part of that tender is based on how much is going to be paid the employees per hour.

It really bothers me, if indeed a company is going to make a little extra money—percentage-wise it is probably only a little bit—on a contract like this by debiting from what they are supposed to be paying to their employees and, frankly, just flouting the regulations.

I would like to know, secondly, does this ministry, or does the Ministry of Transportation and Communications, since most of the contracts I am talking about deal with MTC, do anything to check whether their contracts are being carried out the way they are supposed to be carried out?

Mr. Armstrong: I presume, **Mr. Scott**, that an employee under a contract with government has available to him his rights under the Employment Standards Act to come to you and insist upon the payment of wages to which he is entitled. I guess the question **Mr. Wildman** is asking is whether the employer who is bound by the fair wage

schedule is subject to the act and whether or not you do receive complaints and monitor to determine whether payments are being made.

Mr. J. R. Scott: Our authority would be to adjust the wages to the proper level. Whether the employer could be penalized because he has not lived up to the terms of his contract, that could be a matter for MTC.

Mr. Wildman: Do you know if they check it out?

Mr. J. R. Scott: Yes, I believe they do, if it is brought to their attention that there are problems with the employer on the contract. They have a rating system they apply to contractors, and there would be various means.

Mr. Wildman: All right. Can I say this?

Mr. J. R. Scott: I don't get involved.

Mr. Wildman: In response to the statement of the deputy minister, I frankly think that is a ridiculous statement when you are talking about unorganized workers. These guys were so intimidated they got a student to come to see me because he didn't need the job. Every one of them I talked to was scared to death that if they were found out, they would not be on the next job when this one was completed. That company is turning out another MTC job now; the men were scared to death that once their contract was up that year, forget it. They would go on their regular unemployment insurance in the winter, as they usually do. They would come off it in the spring and they would not be hired if it was found that they had complained to you people. So they complained to me, and they complained to me initially through a student. That is how intimidated they were. It is great to say they have their rights. You cannot eat your rights.

Mr. J. R. Scott: I want to make it clear that we do not authorize the self-audit pay direct easily. We do not just say, "Go ahead and do it." We must be satisfied in our minds that we have reasonable proof the employer will live up to the terms of what we have authorized him to do. Certainly if it is brought to our knowledge on a subsequent visit that this employer has been guilty of a misdemeanor or a contravention of his agreement, we would not in the future authorize any further self-audits for that person. The branch would do the audit.

Now why do we do this kind of an audit? It is a work load situation with us, sir. If we had to carry out a full and detailed audit each and every time we have a claim, we are

just not equipped to handle that kind of a work load. Therefore, we enlist the assistance of the employer to settle the problem, which is good. It is good PR for him to settle the problem between himself and his employees.

Hon. Mr. Elgie: If you have reason to believe he won't, then you audit.

Mr. J. R. Scott: That is right. We do. We certainly do.

Mr. Wildman: I have no way of checking his, but I was told unofficially by one of the employees that when the contract was over and the guy went and complained and said, "I didn't get paid what we were supposed to get paid," he was told by one of our people, "We have done all we can or you."

Hon. Mr. Elgie: That is not true, though.

Mr. Wildman: That employee is not working on the next contract. When you are talking about unorganized workers, they are not going to come and complain. They would not complain to you in the first place. They would only complain to me through a student, who did not need the job the next year. Unfortunately for the poor guy he didn't get anything because he was a student.

If I find it really distasteful that a company would try to make a little extra profit on a public contract and taxpayers' money by his kind of exploitation. When they are told by the ministry they are not living up to their obligations and they have to make up the difference, they do not make up the full difference and the guys are so intimidated at that time they won't complain again. When they came and told me and I said I would go back to the minister, they said: "No, don't do that. We need the job next year."

[10:00]

Hon. Mr. Elgie: First of all, the statement that there is nothing more we can do is wrong. There is more we can do. Secondly, Mr. Scott has gone over the self-auditing and the need for us to step in if we have reason to believe that the self-auditing situation isn't working. I think we are acting in good faith in the whole effort.

Mr. Wildman: I am not accusing you of not acting. I was reacting to the deputy minister's response. When you have people who are this intimidated, what good is it to say they have their rights, unless you have somebody who has enough guts to say, "I'll take the risk of losing my job?"

Mr. Armstrong: I asked the director two questions in the particular situation you

describe. I asked whether it was open to the employee to complain, and secondly, whether the branch audited.

I don't know how you take exception to those two questions. He answered.

Mr. Wildman: It is open to him to complain, except that if he is scared of losing his job, he is not going to complain.

Mr. Armstrong: That is a further comment, and that's a fair comment for you to make. I may not disagree with it. I simply point out the act further provides that if he is discriminated against and disciplined because he has made a complaint, that is a statutory offence, punishable on summary conviction.

I would simply ask you what more do you expect to be done by way of statute? We have identified a problem. How is it to be solved?

Mr. Wildman: I am suggesting—and maybe you do it already; I think you have indicated you may do it already—if you do spot checks on these various contracts it might help, especially in unorganized companies, because I am sure the unions are watching it where they are organized. It would certainly help to do spot checks on public contracts with taxpayers' money to make sure they are living up to what they should be.

I want to point out that those who believe they have been "disciplined" were not disciplined in the sense they lost their jobs. They just didn't get a job the next year with that company.

Mr. McClellan: I want to ask a couple of questions about the minimum wage. I assume this is the appropriate place to do it. I won't get into the rhetorical arguments. You know our position on Ontario's minimum wage. It is miserably inadequate.

What I want to ask you is what work is in progress within the ministry around reviewing the minimum wage? How do you go about structuring that work within the ministry? Who does the work?

Hon. Mr. Elgie: At the present time the research division is involved in a study with the—Jerry, correct me if I am wrong—Institute for Research on Public Policy and the Canadian economic council, on the question of minimum wage.

Mr. Swartz: Yes.

Hon. Mr. Elgie: Do you want to describe that and tell us what the study involves?

Mr. McClellan: I don't want to spend too much time on it.

Mr. Swartz: I can tell you basically the findings of it. There is a study that we participated in to a limited extent with the Economic Council of Canada and the Canadian Institute for Research on Public Policy. It was conducted by two professors at Carleton University, Professors West and McKee. It is a review of minimum wage information all across North America.

Basically, their finding is that minimum wages, in the historic context and recently as well, have been inflationary and have caused unemployment. I don't agree with those studies. When I say I don't agree, I don't agree with those findings on a professional basis.

I think this major study which was conducted by the economic council is deficient. It is inadequate and it is a misinterpretation of real-world data. We have set up some work to show up some of the inadequacies.

They are basing their findings primarily on econometric modelling and econometric studies. I could take more time, more detail to show you what is wrong with that.

We were hoping when this was done—this was supposed to be the study in Canada—that it really would be much more revealing on the use of minimum wage and what can be done with it. As I say, I am very disappointed, both in the results and in the way the study was conducted.

I would refer you to some material, very recent stuff produced in the United States on the minimum wage. I can give you those details. It is by Sar Levitan and Richard Belous, their minimum wage studies. They have pretty much the opposite conclusions.

The minimum wage surveys we have conducted—and we are doing another wages survey now, which will be completed early next year—show that, generally speaking, minimum wages, including minimum wages in Ontario too, have not been inflationary, nor have they created any substantial unemployment. There are some disemployment or unemployment effects, but in the aggregate the minimum wage has not been a bad thing, as this major study by the council seems to be implying.

Mr. McClellan: Do you have any basic demographic data about the number of people who work in minimum-wage jobs in Ontario and the patterns of minimum-wage employment by industrial sector?

Mr. Swartz: We are doing a survey of wages, hours of work and labour standards now to obtain data of just this nature. The previous such analysis, which we did in 1975, is getting pretty much out of date. We had

over 4,000 responses from establishments in large and small industries. I think we will be able to get out some material in report form in a couple of months.

Mr. McClellan: I wouldn't mind seeing that when it is available. When do you intend to raise the minimum wage?

Hon. Mr. Elgie: As soon as we have availed ourselves of the Economic Council of Canada study. From comments Mr. Swartz has made, he is gathering that together, comparing and giving me the information on the United States studies and the results of his own survey of wages. Then I will be preparing some recommendations on it.

Mr. Ziemba: When exactly will that be?

Hon. Mr. Elgie: I can't say that. Mr. Swartz has indicated it will be one or two months before he is ready.

Mr. W. Newman: I have a couple of questions. We talked about the minimum wage. I don't know if it comes under this vote or not, but one of the things that does concern me about the minimum wage is that in the industrial sector it may have certain ramifications. I have to look at it too from the agricultural and other sectors where certain people may want to work part-time or put a few hours in here or there to make a few dollars on a part-time basis.

If these companies or these plants or these agricultural operations have to pay the full minimum wage for people who perhaps are inexperienced, but are looking to make a few dollars in many cases—I am not talking about full-time people—and if the minimum wage gets to the point of no return then they won't be able to afford to hire these people. There are a lot of people in this province who are prepared to work part-time, picking apples or mushrooms or whatever it may be, for a few dollars each week to supplement their income. If the minimum wage gets to the level where they just can't afford to hire these people, where do we go from there?

My second concern is that we are now finding in this province and in Canada, believe it or not, that people are now saying, "I'll work for less money as long as I get cash." Those are two serious problems we are facing in this country today. I see these problems arising as a working man myself, not as a politician, because a politician won't understand that.

I can give you three or four examples I have dealt with in the last two weeks of married women who are quite prepared to work for the minimum wage to make a few extra dollars. If we get to that point where

the minimum wage gets too high and these companies or these farmers or whatever it may be just can't afford to pay this sort of money, where do we go?

I think it is coming about today across this province and across this country where you say, "Look, if you pay me cash I will work for less money." A very unfair question maybe to you, sir, but a fair question as far as I can see as to what is happening in this province and in this country is what about those people who say, "If you pay me cash, I will do it for less," or, "If you just pay me the minimum wage, that's fine"?

If the minimum wage gets too high, where do we go to worry about jobs for people who want to work part-time? I am not talking about full-time workers, as you were talking about. I think that is a different situation. Those people who work on a part-time basis have tried to make a few extra bucks.

Hon. Mr. Elgie: I think we have heard from Mr. Swartz that there are some contradictory studies. The Canadian economic council was suggesting that the minimum wage is inflationary. I don't know if that referred to part-time as well as full-time people. Does it, Jerry?

Mr. Swartz: They are really just looking at the level of minimum wages, Mr. Minister.

Hon. Mr. Elgie: But no differentiation.

Mr. Swartz: No differentiation.

Hon. Mr. Elgie: The United States studies to which he referred were just the reverse. They have found that they aren't inflationary. These American studies indicate just the opposite, that minimum wage is not an inflationary tool. I don't know what the answer is, but that is what we are trying to determine before we reach any policy decision on it.

Mr. Lane: Supplementary Mr. Chairman: Staying on the same matter, there are a lot of marginal businesses in small villages and towns and in the province's rural areas. The minimum wage really hurts them, not helps them. What the employer does is say, "I'm sorry, Mac, I can't keep you for 40 hours a week. I can just keep you for 35." The small business employer can spend only so many dollars to have his work done. In actual fact we are hurting everybody. It is very well for you fellows who live in the big metropolitan areas to say that it is an unfair wage. I am sure my friends in Algoma would agree with me. There are tourist operators, small garage operators and there are little store operators. My wife is one of them. She can't afford to hire anybody for more than the minimum wage because she doesn't make that much

money. If she can hire people for minimum wage, as my friend has said, and they work 20 hours a week and receive the minimum wage, they are happy. It supplements their income. There are two sides to the story.

Hours are being chopped even with full-time people. I know a garage in my home town. They told me the last time the minimum wage was raised he just cut the guys off four hours a week. He said he couldn't afford to pay them.

Hon. Mr. Elgie: Certainly we hear that from a lot of small restaurants and tourist operators in rural areas.

Mr. W. Newman: Farmers, too.

Mr. Wildman: As my friend from Manitoulin said, it is certainly true that in the rural areas and along the North Shore in my riding there are a lot of marginal businesses, and because of the failure of this government to develop any kind of an industrial strategy for northern Ontario—

Interjections.

Mr. Lane: This has nothing to do with the government, my friend. Now listen, if you were a member for Algoma you would speak up for the people of Algoma.

Mr. Wildman: I am. You haven't provided any jobs on the North Shore in the last 36 years.

Mr. Lane: I have done a hell of a lot more than you have, sir. I know my people. Speak for the people and not for the party, for heaven's sake!

Interjections.

Mr. Chairman: I think we have had all the discussion we need.

Mr. Mackenzie: Mr. Chairman, one quick question. Under the employment standards review package you are talking about, are you taking a look at the exemptions from employment standards? We made the case long ago for domestics. I have been surprised by the number of letters I have received dealing with pharmacists who are working for a chain—it was IDA in two of the examples. They find they are not covered under the legislation and they feel they should be. The wages are not all that good. There are fewer single practitioners now, they are more and more becoming involved with a chain.

Surprisingly enough I have had letters from law students, from dentistry employees and from accountants in training who have all pointed out they are working a pretty full shift for various firms. All are exempted from the provisions of employment standards and have raised their concerns with me. Is that

part of your review of the employment standards package?

[10:15]

Mr. J. R. Scott: When we review legislation, Mr. Minister, we also review the exemptions that exist. We went through that extensively in 1974.

Mr. Mackenzie: With the growth of the number of operations—

Mr. J. R. Scott: We have again looked at a number of these. I don't know if we have covered them in their entirety, but we got engaged in that again to review the exemptions that are in the legislation.

Mr. Mackenzie: I would like a look taken at some of these in view of the growth of operations such as the chain drugstores, and so on.

Vote 2405 agreed to.

On vote 2406, Ontario manpower co-ordinating committee program:

Mr. Van Horne: Mr. Chairman, could I defer to my elder from the New Democratic Party?

Hon. Mr. Elgie: Before that, may I just—

Mr. Van Horne: I may come back to it, but he told me—

Mr. Chairman: Order, please.

Hon. Mr. Elgie: May I take this opportunity, with this unruly mob, Mr. Chairman, to introduce the chairman of the Ontario Manpower Commission, Mr. Don Pollock? Mr. Pollock, I want you to feel that you are in comfortable hands in this great democracy we live in. You can relax.

Mr. Van Horne: But in something less than complete control.

Hon. Mr. Elgie: Is it true that Mr. Pollock is buying supper for us after this affair is over? He tells me he is so excited with democracy in action he doesn't know if he can stand a meal, but—

Mr. Chairman: Mr. Lane.

Mr. Lane: Mr. Chairman, I am interested in finding out how the minister is making the native people aware of manpower programs in Ontario. I happen to have eight Indian reserves in my riding. These people would like to continue to live on the reserves; they would like to continue to work their own shifts, so to speak—in other words, not to have to punch a clock and be part of a union organization. Some of them are and that is their privilege, but some of them don't want to be.

In most cases we find these reserves are in the heart of a timberland some place

where a large timber company has licences for all the wood in the surrounding area. The result is that wood is being harvested by people who are members of a union and are working for the company and the native people find themselves completely out in the cold. I am just wondering how we cope with this situation and what kind of mechanics we have to make them aware of the jobs that are available to them.

Hon. Mr. Elgie: Mr. Pollock may elaborate later but in addition to the regular media communications process, community colleges advertise their programs among the native people. In particular, they have an annual publication, *Horizons*, that is distributed to native people.

The native community branch of the Ministry of Culture and Recreation published a brochure in July describing its activities and outlining the small business development program, funding support, et cetera, which again was distributed to our native population.

You will recall that there has been a community employment strategy study going on. One of those was in, I think, Big Trout, which is an Indian reserve. The Ontario manpower co-ordinating committee has made its presence known through that study.

There was a combined federal and provincial publication, *Employment Opportunities for Ontario Youth*, published last summer which was distributed widely, including to our native youth, and the Ministry of Northern Affairs has had an information service available for native people. In addition, you will recall, I think it was this year that a cabinet committee on native affairs was established to try and further enhance our capacity to provide information.

Mr. Pollock, do you have any other comments?

Mr. Pollock: No, I don't.

Mr. Van Horne: Excuse me, could I ask for clarification on that? You started by saying "in addition to the media process." I have to assume from that that you are telling us that television and radio are both used to pass on the message. Then you followed up in the latter part of your comments by saying this is made known to the native students.

How? Through the education process? Is it taught to them, or given to them in brochure form in their classroom? Is it posted as a bulletin on their bulletin board, which none of them would read?

I would have to read into the questions put by the member for Algoma-Manitoulin

that it is just possible that some of this process is not being very effective. If I am not reading it right, can you tell us whether you have a very effective information program?

Hon. Mr. Elgie: I am afraid I can't comment on the effectiveness. Mr. Pollock, have you had a chance in your commission to deal with the issue?

Mr. Pollock: No, I haven't.

Hon. Mr. Elgie: I can say the community colleges advise us they advertise their programs, including specific native studies programs, among native people and that they make major efforts to carry their programs to small northern communities.

Mr. Van Horne: But they don't tell you how.

Hon. Mr. Elgie: I am simply reading from the information provided for me.

Mr. Lane: In the reserve areas the labour force seems to rely heavily on the chief of council for where to go to get work and for information generally. It seems to me there should be some kind of a program whereby we are able to advise the authorities in these reserves of what the opportunities are, rather than to try to advise the individual. I don't think the individual, as Mr. Van Horne has said, fully appreciates what has been said to him, not because he doesn't understand it, but because traditionally he goes to his chief and to council to see where he can make a few bucks.

I am concerned there are opportunities being lost because they are not aware of them. I just wish there was some more effective way by which we could reach those people who really do want to earn a dollar, but don't know really where the jobs are.

Mr. Van Horne: I want to go back to the point I was pursuing, along with the member for Algoma-Manitoulin, and ask the minister if he could provide us with more information. What he is reading to us is, I am sure, the intent of the ministry in providing information. But from my experience in the educational process and from my involvement with government, I would submit that what you say should be happening and what in fact is happening are not one and the same. Further, the message doesn't always get through. I would like you to find out if you are getting the message is getting through.

Hon. Mr. Elgie: Mr. Pollock, do you have a comment on that?

Mr. Pollock: As you have indicated, there are several communication devices and we

could ensure those are going to the chief. I know the one from the annual publication you referred to, from Colleges and Universities, is going to the chief of each band. It outlines the programs that are available at the colleges. We could determine specifically what mailings are going out to cover the programs in question.

Hon. Mr. Elgie: Whether it is to evaluate how effective it is, it is a communication program.

Mr. Pollock: I think all we could do would be to determine that they were going to the chiefs. We assume, by Mr. Lane's comment, that they would be disseminated once they got to the reserve. We could certainly get a listing of the information that has been sent out on a regular basis.

Mr. Lane: I would certainly appreciate it. These people really do want to work and want more or less to work their own shift, I would think. They don't necessarily want to be bound by nine to five hours or something else. They want to make a living and not be dependent on welfare for income. Unfortunately, in many cases when I talk to them about why they didn't apply here or there for a job, they have said they didn't know the job was there.

I just wish there was some way of making our mechanism more effective for these people. I brought this matter up with Natural Resources a few years ago because, after travelling through the far north part of the province, I found it is even more apparent in that area than it is in my riding. Large timber companies have a licence for all of the wood in the area and there is just nothing for them to do, so to speak.

With new licences being issued to new companies, it means it is possible for certain types of timber to be available to Indian bands to produce wood in some areas by their own effort. I think that has helped to solve the problem there. In my particular area in Manitoulin there is no crown land. They have to depend on picking tobacco or planting trees or whatever else may be coming up. It just seems they are not fully aware of the opportunities.

Hon. Mr. Elgie: We will provide you with all of the information we can gather, and Mr. Van Horne too.

Mr. Lane: Thank you very much.

Mr. Van Horne: Mr. Chairman, it would seem my lot in life is to ask the last question each evening at 10:30 or 10:28. Let me leave this with you, with the preamble that tomorrow morning I must be with people from my community, because the city of

London private bill is on at 10 a.m., so I will have to absent myself from these estimates for half an hour or so. I will return to them, hopefully to come back to this thing, which is a pet of mine.

I would leave this with you. I did take the opportunity to visit Mr. Pollock earlier in this fall of this year, along with a member of our research department, and found him to be informative and cordial. Further to our visit, I appreciate the report he has sent to us—the manpower requirements and hiring plans of Ontario employers, et cetera.

The note accompanying the report is dated November 20. In the last sentence of his letter he says, "In addition, I am sending copies of this report to all provincial ministers with manpower responsibilities; the presidents of colleges of applied arts and technology; to the directors of education of the school boards; and to the community industrial training committees, so that they may begin taking appropriate action."

That intent and that kind of suggestion is good. But I have to ask you again, as I come back to the theme of liaison between ministries of government—we look here, at the last sentence, and see at least the Ministry of Labour and the Ministry of Colleges and Universities, and the Ministry of Education tied into this process—are we going to leave what is being done here, and possibly the follow-up to it, to chance? Who or what is the co-ordinating agency? I ask that in a half-rhetorical sense, going back to the speech from the throne which suggests to me that you are the one who should be directing, if in fact we are looking at a new emphasis on labour and manpower.

I would then ask you the rather broad question, what are your plans flowing out

of this? Or even beyond that, what is happening to co-ordinate it? It is a critical question in so far as Ontario labour-manpower education is concerned.

What are the plans of this government to bring together the needs, on the one hand, and the supply, on the other, so that we may best utilize the skills and the talents of the people in Ontario, and the young people in Ontario to meet the needs and requirements of industry in Ontario? This is critical.

I would suggest that I have gone over time, I may just stop at that point and ask if you could take that under advisement, rather than try to go into depth on it now, and give us some—

Mr. Chairman: The committee has only tomorrow before noon, the last three hours, and I would suggest that since Mr. Van Horne will be absent, we just set aside vote 2406 and start at vote 2407. This will give him the opportunity to go into the House and introduce his bill, then he can come back and we will work on vote 2406. Is that satisfactory to you, Mr. Mackenzie?

Hon. Mr. Elgie: Would you be able to proceed with this for half an hour while Ron is in the House?

Mr. Mackenzie: I could proceed with it until he is back in committee. There are a number of serious—

Mr. Chairman: That's okay.

Mr. Van Horne: That is fine with me because Mr. Miller will be here in my absence and will make notes for me.

Mr. Chairman: Okay. We adjourn until tomorrow at 10 a.m., in conjunction with the House.

The committee adjourned at 10:29 p.m.

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From the Ministry of Labour:

Armstrong, T. E., Deputy Minister
 Fitch, Dr. M., Director, Special Studies and Services Branch
 Heath, A., Director, Standards and Programs Branch
 Hess, P. A., Director, Legal Services
 May, Dr. C. R., Assistant Deputy Minister Program Administration, Occupational Health
 and Safety Division
 Pollock, R. D., Chairman, Ontario Manpower Commission
 Robinson, Dr. A., Chief, Occupational Health Laboratory
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No. R-44

Legislature of Ontario Debates

Official Report (Hansard)

Resources Development Committee

Estimates, Ministry of Labour

Third Session, 31st Parliament

Wednesday, December 19, 1979

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

WEDNESDAY, DECEMBER 19, 1979

The committee met at 10:25 a.m. in committee room 1.

ESTIMATES, MINISTRY OF LABOUR (concluded)

Mr. Chairman: I see a quorum.

On vote 2406, Ontario Manpower Coordinating Committee:

[Interruption in recording until 10:38 a.m.]

Mr. G. I. Miller: . . . Those skills aren't there. We wrote to the board of education in Haldimand county. We also wrote to the Minister of Education (Miss Stephenson), bringing this to her attention. I don't know if I passed the letter on to your ministry at that time or not, but that happened this past summer. It's just an indication that our training programs are not geared to fit the needs of the jobs that are there. I wondered if you'd care to comment on that.

Hon. Mr. Elgie: If I could just run over the problems and perhaps have the new manpower chairman discuss them since they are certainly in the area of his mandate. You particularly singled out Stelco and its need for skilled workmen and its inability to acquire them locally. I must say in passing that Stelco, to my knowledge, is a very good trainer in terms of its apprenticeship program. It's a company that deserves some credit for the apprenticeship programs it has. I'll let Mr. Pollock comment on that further.

Your other questions related to skill training, the background leading to the problems we now face, the initiatives that are under way, the potential or future role of secondary schools in that program and the reduced industrial capacity that some industries face because of skill shortages. Mr. Pollock, could you comment on those matters?

Mr. Pollock: Yes, I will, Mr. Minister. I share your view about Stelco as a training organization. Notwithstanding the fact that they did train people, they obviously have had difficulty in developing within Ontario, or within Canada, the skilled labour they're going to need for the Nanticoke development.

One of the areas of concentration for the commission is the whole question of man-

power planning as it's being carried out by individual businesses in Canada. The review we have done thus far indicates that, at best, manpower planning efforts in Ontario are primitive. There are far too many companies that, although they plan where the money will come from, what machines they will buy, what kind of building they will need in future expansion, somehow think that labour, whether it's skilled labour or general labour, is going to just appear out of thin air. They have been encouraged to think that could happen, because it traditionally has happened.

Clearly, we've reached a point in respect to skilled labour where that won't happen now and it is even less likely to happen in the future. We have been working on a pilot program with one major firm, talking about rather simplified manpower planning techniques, so we could help them identify the need for skilled workers and, once having identified the need, then start the training programs that are needed.

The important thing to be emphasized in terms of our skills shortage is that in Canada generally, and in particular in Ontario, we have been excessively reliant on imported skills. It's interesting with regard to the example you cite, Mr. Miller, that even at this point in time we have to go abroad to get these skills.

Because they've been freely available until very recently, the domestic training base in Ontario—Ontario being the heartland of manufacturing in Canada—is grossly underdeveloped. There's simply no way, given its present size, that it could turn out the number of skilled people we need. The first priority of the commission—and we suggest, really, the first priority of manpower in Ontario—is to get all the parties concerned to recognize that the base has to be expanded. "All the parties" means the employers, the trade unions, educational institutions and the government.

To comment on the specific point about the level of education of those who are unemployed, it is certainly regrettable that in apprenticeship training, as in many other areas, we're getting this escalation in the entry level that's being demanded. Whether

or not one needs a grade 12 education—and there is some indication that for certain trades one does need certain subjects at the grade 12 level—employers will ask for it because they can get it. There isn't an apprenticeship counsellor in Ontario who doesn't have more young people registered with him looking for opportunities—

Mr. G. I. Miller: May I interrupt here? I want to refer back to Mr. Pohl, who was operating an automatic machine. He's of German descent and never had his grade 12. He started at grade eight, and that's where they started to train him. He is critical of our system that we have to have grade 12.

As I pointed out to you, 50 per cent of our young people don't get grade 12, so they're eliminated. They don't get a chance to even apply for those jobs there. That is the crux of my concern. There's something wrong.

This is an emergency situation here, where they're going to hire these people off-shore, while the Star says we have 402,000 young people unemployed. If they don't find jobs so they can buy an adequate home for themselves or provide for themselves, there are going to be problems. I think we all understand that.

[10:45]

A young guy who doesn't have a job is going to be looking for something to do. It's important that they have jobs. I think this is a crucial situation.

They have offered to meet with the ministry to see if they can come up with the kind of people they need. Maybe it's not possible under the circumstances, because they are still coming on stream by April 1. It's up to the minister to take up the challenge here and see if those people can be found, or a plan worked out to provide the kind of people they're looking for. It has to be a working relationship between Stelco and the government. I think it's crucial at this time, when the economy is in the state it's in.

Mr. Pollock: If I could make a couple of points, I think it's important to realize that there are 30,000 apprentices in the province. There are 100,000 young people between the ages of 15 and 24 who are unemployed. Apprenticeship is not the answer to youth unemployment. I think those of you who read the report from the conference on apprenticeship two years ago, entitled Focus on Apprenticeship, would realize that was a warning that ran through it. You can't solve youth unemployment by apprenticeship programs because everyone can't be an apprentice.

It's unfortunate that we have the coexistence of a high level of youth unemployment and a skill shortage. If Stelco wants to start up on April 1, 1980, and they need machinists, and the training program is 6,000 hours in a plant and 700-odd hours in a community college, it's very evident those people are not going to be available in Canada.

I go back—and again, I hate to pick Stelco because, as the minister said, they are a good training firm. Four years ago was the time for Stelco or any other firm that was facing a shortage to recognize it and to deal with it. I would ask, relative to the man you mentioned in Cayuga who can't get machine setter operators, how many did he train himself? What we're finding—and it's disturbing to the commission—is when we're going out and talking to employers who are complaining about the lack of skilled labour in the province, we're asking, "How many trainees do you have today in your plant?"

Mr. G. I. Miller: Do you want his name? I'll give it to you and you can talk to him. It's your job. I'm making a broad statement. I'm pointing my finger at you, Don, but actually I'm not. I say the challenge is here.

They would like to meet with me. I feel that you're the government and they should meet with you. I will also give you the name of this chap. If you'd like to get in touch with him to see if anything can be done, I'd be happy about that. I would.

Mr. Pollock: I will certainly undertake to contact him.

Mr. G. I. Miller: Okay. I know my colleague would also like to get in on the discussion this morning. But if you would meet with them to see if there's anything that can be done, if there's any way of working out a scheme to keep from going off-shore, at a time when we have high unemployment here, particularly among the young people, let's see if we can come up with a plan. That's what I'm asking.

Mr. Pollock: I'd be very happy to talk to him, to explore the problem. There are ways which it can be solved, there's no doubt. There are courses today that are available that might well meet his need and of which he may not be aware. I'd be very happy if you'd give me his name so I can contact him.

Mr. G. I. Miller: I might make one final comment. Back when they were building Texaco, the same thing applied there. There weren't enough skilled tradesmen here. And that goes back three years. I think we've had plenty of warning that we should have been getting on the ball at that time. They had t

import a lot of help from across the border. While we share both ways, I still think we have to be looking out for our own young people. If we don't do it, no one else is going to do it for us. I think it's our responsibility.

Hon. Mr. Elgie: I would still like Mr. Pollock to finish his remarks in response to your question, if you don't mind.

Mr. Pollock: Really, the key is this broadening. I think it's the important point the commission would want to make with the members. I think one of the past problems we've had is we have been looking exclusively to the government to solve a problem which is not of the government's making and which the government is not capable of solving.

We've had too little private-sector involvement in this problem. I've been saying this to all kinds of people over the last three or four months. It's been very comfortable for unions and companies to gang up on the government and say, "You're not doing the job because I haven't the tool and die makers I need to run my firm at this time."

The part we're finding interesting is that the private sector is just glossing over its responsibility. The initial thrust of the commission—and we've been doing it through a paper called *The Private Sector Role in Training*—is to get the private sector interested now. We haven't succeeded in the past, but we want to get them to recognize that they were a significant contributor to this problem and that the only way it's going to be solved is if they would be equally significant contributors to its solution.

Mr. Mackenzie: The last comment threw me a little bit because it seems to me that the record and the primitive level of apprenticeship training you talk about are a clear indication that the private sector has up until now totally copped out, with very few exceptions, in terms of effective apprenticeship or training programs.

I don't know how you're going to get them to respond, other than through incentives and wage subsidies. That bloody well tends to do little more than depress wages and is taken advantage of by the private sector. I think you may be on the wrong track in some of your programs.

Mr. Pollock: May I comment on the commission's view of wage subsidies and whether or not we could get the level of additional participation we want through financial subsidies?

The position of the commission is that the subsidies that are in place are adequate.

We are loath to recommend any higher level of subsidies than that which already exists.

Mr. Mackenzie: I suspect they're more than adequate. However, some serious concerns have been raised with me by the trade union people who have been looking at this whole manpower program. I'm reasonably sure Mr. Pollock is aware of them. I take it that it is explicit in the setting up of the commission that the Industrial Training Council is finished or will be finished. Is it just a matter of a very short period of time?

Hon. Mr. Elgie: What's the present status of the Industrial Training Council?

Mr. Pollock: They have a major initiative under way, which is a manpower training policy for Ontario, which they have been working on for the past three years. It is to be completed by mid-January for a full review by the Industrial Training Council on February 3 and 4. At that time, the council will be discontinued. I would emphasize that it will have completed the major undertaking it set out to do three years ago when it was established.

Mr. Mackenzie: It may have completed its job. I'm not even sure that some of the members on that commission really think it should be continued. With the disbanding of it I worry what kind of input we're going to have into any of the policies.

In all the faldral that went on about the manpower program coming under the Minister of Labour, am I right in my understanding—at least I'd like to understand this—that the Minister of Labour is now charged with setting the policy, but the programs are all maintained by the various ministries and they carry out the programs? They deliver on whatever policies that are supposedly set by the ministry?

Hon. Mr. Elgie: Policy and program recommendations come through me from the manpower commission to cabinet. They are co-ordinated through the manpower commission and this ministry.

Mr. Mackenzie: But, in effect, any programs that exist in manpower policies are carried out by them under the policy that is set.

Hon. Mr. Elgie: Where the programs are now, they will remain.

Mr. Mackenzie: In effect, you don't really have total control of it.

Hon. Mr. Elgie: Could I ask the chairman of the commission to comment on it, because

he has the view that we've taken the right route?

Mr. Pollock: What I would say is that there seems to be far more concern about the separation of policy and program than certainly I or my fellow commissioners feel. Our mandate from the cabinet is in these exact words:

"To oversee all manpower activities and programs and to make binding policy and operation decisions, subject to the concurrence of the cabinet."

We take that exactly as it is written, and that has been the basis for our activity in the past five months and will continue to be the basis over the next two years. You have to recognize the range of manpower programs we're talking about. There are specialized ministries, if you like, or ministries that have a special capability in those areas.

I think it's worth emphasizing that the role of the commission is to develop overall policies, strategies and broad areas of the allocation of funds to provide the framework within which individual programs, if they are existing programs, will be evaluated. Certainly the commission will be very active in evaluating those programs and also the framework within which new programs and also the framework within which new programs would be suggested.

The approval routine for new programs is going to be considerably different from what it has been in the past because they will come through the commission. If the commission believes they are inconsistent with the thrust of policies and strategies at that point, it will not support them. The commission believes that in those circumstances its voice will be the determining voice among all those who would influence the cabinet.

On manpower policy we are saying that if we won't support it, then you ought not go ahead with it, because we believe that's what our mandate says.

Mr. Mackenzie: Mr. Minister, I can't help but think there's a bit of a parallel in the fact that that was one of our problems in the safety and health field for a number of years. One of the arguments for the new legislation was to bring about the responsibility for all parts to be put together under the one ministry. This is exactly what we did in an effort to try to give some authority to safety and health matters.

Here we have supposedly a manpower minister setting policies but not really responsible for setting them out. It's still in the hands of the various ministries. I wonder really about the effectiveness of it; maybe

that's still to be seen. Maybe it can be monitored that closely but it certainly flies against what we've had to do in other particular areas.

Hon. Mr. Elgie: About all I can say is that you know the options that were available to us. This seemed to be the most expeditious and the most satisfactory one. But it is within the power of the commission to recommend to me, and through me to the cabinet, any other sort of restructuring that may be part of their policy recommendations, if they feel it's indicated.

Mr. Mackenzie: If you'll forgive a comment, or a perception at least, in effect you've lost another battle and some of your cabinet colleagues wouldn't give up the authority or responsibility they had for various programs.

Hon. Mr. Elgie: I'd like to ask Mr. Pollock if he thinks the reason we're on it is an inappropriate one.

Mr. Pollock: No. What I would say is what you've said. We'd like to believe, and we do believe at this point, that that is the appropriate delineation of responsibility. But I assure you, speaking for my colleagues on the commission, that if it becomes evident to us at some time that this is not providing the desired focus, then we will have no hesitation whatsoever in recommending program realignment. If that's the only way the manpower problem in this program can be solved—through program realignment—I assure you we will recommend it.

Mr. McClellan: It would be inevitable.

Mr. Pollock: With respect, I disagree at present.

Mr. McClellan: Supplementary, Mr. Chairman: The difficulty I see is that the programs are in a different policy field entirely from that of the Ministry of Labour, which is in the Resources Development policy field, and the operational programs cut across a number of ministries, not just the Ministry of Education and Colleges and Universities. In a broad context you could be looking as well at services that are in Community and Social Services.

The task of co-ordinating within government is made enormously more difficult because of the way government is structured. So I predict that you're going to run into enormous problems of co-ordinating work within the Ministry of Labour, in effect, with a policy secretariat in one policy field and the operational programs in an entirely different policy field with an entirely separate policy secretariat.

I don't know how you're going to get around the territorial questions that are just day-to-day routine.

Mr. Pollock: If I might just answer this. Quite frankly, I don't think in terms of policy field. I'm thinking of managers—

Mr. Wildman: Neither does the secretariat.

Mr. Pollock: I think about the program manager. In fact, that's where the linkage is being established to the commission. It's not to say there might not be other people involved. However, when we're talking about the effectiveness of a particular program, I have to say I have been dealing directly with that program manager and his immediate subordinate. Whether he's in the Resources Development policy field or the Social Development policy field I admit really hasn't crossed my mind thus far. I don't see why it should present a barrier. I really don't.

[11:00]

Mr. McClellan: I hope your optimism is justified. On the basis of experience we have seen co-ordination even within policy fields has not been successful, let alone co-ordination across policy fields.

It hasn't been successful in terms of pulling together things at the service delivery level. The way we have gone about solving problems with any success has been to consolidate policy and services within a single ministry. This is why we keep coming back to the need to pull together things within Labour and manpower; pull in everything there so you have one minister with one policy field responsible for both the overall direction and the major responsibility within cabinet, and controlling the administration of the program in the delivery of the service.

I'm pessimistic, because of what I have seen in other areas, about your being able to pull together this tangled web without major restructuring. We will have to wait and see.

Mr. Pollock: What I would emphasize in response to your comment is if it can't be done within a reasonable time on the basis on which we have started out, then I assure you we will be proposing different methods for dealing with it.

Mr. McClellan: We'll be watching.

Mr. Pollock: I'm sure you will.

Hon. Mr. Elgie: You love watching.

Mr. Mackenzie: With the disbanding of the Industrial Training Council and the work they've done over the past year or

two, does the minister see any danger that the commission won't in many cases be covering the same territory the council did over the last couple of years?

Mr. Pollock: I think we should draw an immediate distinction. The Industrial Training Council was concerned solely with industrial training in Ontario. That is only one element of manpower. The other elements of which I'm sure the members are aware include guidance—which was not a subject for the Industrial Training Council—job creation, labour market information, mobility, placement, as well as adult occupational training. I hesitate to say there's some duplication because I think the thrust of the commission is different to the thrust of the Industrial Training Council.

We are going to be very interested in the policy document that comes out. This is the industrial training policy recommendation from the Industrial Training Council. I assure the members that we will not be covering the same ground. We will take that study as the culmination of three years' work and give it the attention it deserves.

Mr. Mackenzie: May I ask what the ministry defines as employer-sponsored training? Where and what are the criteria for identifying the EST projects?

Mr. Pollock: It's interesting because employer-sponsored training was a joint initiative at the federal and provincial governments and announced I believe in June 1978. It is not a program. It is an initiative because it embodies a wide range of training programs. For example: upgrading 200 millwrights in the grain elevator trade in Thunder Bay; an agreement to train tool and die makers and machinists with Canadian Tooling Manufacturers' Association. Funds have been made available to develop some quite innovative approaches within the EST initiative. I'm thinking of the craftsmanship intern program at Mohawk College, also the metal machining program at Conestoga College.

The heart of the employer-sponsored training is the formation of basically what is called a community industrial training advisory committee. The thrust of the program was to be local rather than regional or national.

These committees have been formed. At present I believe we are in the high 30s. We may have more.

Hon. Mr. Elgie: Forty-four.

Mr. Pollock: Forty-four at present. Basically the local people get together. They do a local needs identification and they deter-

mine how those needs could best be met. These local people are unions, employers, representatives from the local college, local educational institution and the Ministry of Colleges and Universities.

They don't take on one single form. They take on many forms. We have them around the province. The only thing they all have in common is that they are locally-sponsored groups.

At this time, although there are problems one has to recognize that in a locally-sponsored group where you're asking for the local people to take the initiative for identifying needs and meeting them one has to be careful in assigning the kind of guidelines, just saying, "Fine, you can do whatever you want but you can't do any of this."

During the last year, where there has been a particular amount of work in this area, guidelines have been evolving against the background of a high level of local participation. That isn't to say the lack of guidelines hasn't caused some problems because it has, and there are certain examples where if we would have had guidelines established more clearly when we started we could have avoided those problems. However, my view is that that has not detracted from the thrust of the program in any major way.

Mr. Mackenzie: Just as a sideline, can I ask you if local committees will be struck on a one-to-one-to-one ratio or not, which is certainly a concern of the labour movement?

Mr. Pollock: I would say no. I think it's important to recognize it's extremely difficult to get union participation—not because they're not in favour of training, they are; not because they don't favour CITCs, they do; but there's a problem in getting a representative.

I went into this problem at some depth at Thunder Bay because there had been some criticism of that program and I talked to people in Thunder Bay. The union is for it. They like the program, but they don't have the time. For example, in the elevators, they don't have the time to allow a man to take four hours off while a group of people get together to develop a curriculum. The union's position is: "We support it. We think it's great that we're going to have this upgrading for existing members of the union. But when you have a curriculum bring it back to us and we will look at it, because we don't get paid, let's say, for four hours off to go to a meeting." For that reason then it's very difficult.

Mr. Mackenzie: They also see that, as you must understand, as a loading of the com-

mittees. It's not just at Thunder Bay that they're unhappy. There is general unhappiness with this with management or industry types. Whether or not you're going to be successful in getting them unless the representatives are from unions that are identified with the particular training, or through local labour councils is, I'd say, very problematical.

Mr. Pollock: It's interesting, because there's been a move to highlight those areas where problems have been encountered. That's why I went to Thunder Bay. The international representative at the elevators was madder than hell that anybody would take it upon himself to say that he wasn't happy with the way the CITC was being run.

I know in certain other areas—for example, in Cornwall the co-chairman is a union representative. There isn't a committee in the province that shouldn't have substantial union representation. But it isn't a one-to-one-to-one kind of situation, because there are colleges, universities, people representing CEIC and, quite frankly, I don't know why it has to be a one-to-one-to-one ratio. It's a group of people who live in Thunder Bay who are concerned about developing better approaches to training manpower in Thunder Bay.

I don't see why we should be looking at it on the basis—

Mr. Mackenzie: Surely you realize that what the workers are going to think in a situation like this is that X employer in X region is going to be interested in what his particular needs are, not whether or not a worker ends up with a total rounded package that gives him a job almost anywhere. If they see a committee that's not in effect one-to-one-to-one, they see a committee where the emphasis in the program is going to be on training those who are needed specifically by local industries. They don't see it as something that upgrades them generally and increases their mobility as well. There is also a very grave suspicion for good reason, which I think you should be aware of from the start, it's something into which they're not going to have the kind of input you're talking about.

Mr. Pollock: All I can say is I'm meeting with the OFL today, because I don't believe it's as big a problem as people have made it out to be—and I'm not suggesting you, Mr. Mackenzie. I'm aware of some of the comments that have been going on and I'm quite satisfied that we will be able to find a meet-

ing of the minds with the OFL and individual labour people at the individual locations.

Mr. Mackenzie: EST is really what you'd call a concept more than anything else; it's not a program per se?

Mr. Pollock: It's called an initiative because there are many programs within it.

Mr. Mackenzie: What kind of funding do we have on this? How much Ontario money? How much new money? In fact, isn't most of it federal?

Mr. Pollock: A good deal of the funding is coming from the federal level, but I think you have to look at where the province is involved. The province is involved in a fairly significant program in the administrative costs, but the funding is federal, no question about that.

Mr. Mackenzie: So there is really not much Ontario money in the program.

Mr. Pollock: No, there isn't.

Mr. Mackenzie: Is the minister aware that wage subsidy has the impact of deflating wage movements, and isn't that really beyond the intent of EST?

Mr. Pollock: I'm not sure I'd accept the point that the inclusion of a wage subsidy has a depressing effect on wages. That doesn't follow to me, because within an apprenticeship trade the journeyman's rate is arrived at independently and the apprentices tend to be paid at a percentage of the journeyman's rate.

So if in order to try and offset the cost of training it's been decided to give a subsidy of 50 per cent of 20 weeks' wages for an apprentice, I don't see how that can depress wages for apprentices or certainly for journeymen. I don't know what that argument is rooted in, but I just don't accept it.

Mr. Mackenzie: One of the concerns expressed very clearly to me by the labour movement is that persuasion by funding had not worked over the years. If companies had to train to be competitive, given the drying up of traditional sources of skilled labour, it would be irrational on their part to use public funds to finance corporations.

Also, the view taken is that prefunding would encourage some employers to take on trainees as a method of deflating their wage costs. Again, the training results would also be questionable.

Mr. Pollock: To me it's not so much deflating the wage cost as offsetting the training cost.

But please don't think the commission would make a case for wage subsidies or higher subsidies overall than we have in place now. As I said earlier, it's not our position. There is a training cost, but the beneficiary from that training is the employer. Hence we think it's completely realistic to expect him to pay most of the cost of doing it.

Mr. Mackenzie: Have you taken a look at the grant levy idea in financing? You're really talking about the necessity of requiring—something that my colleague, Gordon Miller was talking about as well—the companies to take over the major share of the cost involved in training programs.

I think the wage incentive approach is not going to succeed.

Mr. Pollock: If I might reply, we're not working on the basis that wage incentives will significantly contribute to broadening the industrial training base in Ontario. Before I talk about the levy grant system, I'd just make the point that what the commission is doing is really going out one more time to get the private sector, both unions and employers, to accept their responsibility.

We were talking a moment ago about the need for program realignment. Should it be evident to the commission within a reasonable period of time that despite the severe problems we're facing today we cannot effect a change in attitude towards training on the part of the private sector people, unions and employers, then I assure you we will have to recommend stronger measures.

Mr. Mackenzie: I wonder if you don't realize that the very statement you've made, "We're going out and trying it one more time," indicates exactly the kind of frustration and reservations that the trade union movement has?

Mr. Pollock: Quite frankly, I think if the trade union movement has reservations it should look to its own house, because there's a persuasive argument that all the problems are related to employers. My point to unions is to say, "Why do you have restrictions in the collective agreement as to the number of apprentices that can be hired in this firm?"

Two weeks ago I was in a firm in Hamilton where they can't train enough people to replace their journeymen who are retiring because the union says they can have only one apprentice for every four journeymen.

[11:15]

Mr. Mackenzie: Are you also aware that in Stelco's case the union tried to get them to

increase the number of apprentices they are training?

Mr. Pollock: In Stelco? My God, Stelco has one of the highest training ratios in the province.

Mr. Mackenzie: I know. What I am saying is the union has been trying to increase that.

Mr. Pollock: In the machine shop in Stelco, the ratio is one in three. I don't know how you could train any faster than that.

Mr. Mackenzie: The point I am making is that not all of the unions have taken the position you have, but I hope in your meetings with employers you clarify the position too.

Mr. Pollock: Not all employers are taking the position you are saying the trade union is saying they are taking.

Mr. Mackenzie: You yourself have said it is primitive at best. I would put it worse than that in terms of what we have done as far as apprenticeship and training programs are concerned through the private sector in the province.

Mr. Mackenzie: If we are going out one more time to beg them to be a little bit better, then at least before we start—

Mr. Pollock: I will ignore the assumption that we are out begging. We are taking our facts, as private sector people, back to private sector people. I would emphasize that in the composition of the commission, there are two members from labour, and two members from management, one of whom is the chairman.

We're going to the private sector and saying: "This is the situation. This is not the government telling you about a problem, but your own folks coming back and telling you about a problem and the role you have to play in it." If that won't work then obviously we are going to have to recommend stronger measures, which I assure you we will.

Mr. Mackenzie: Is the minister also aware that the wage subsidy implicitly takes the position that skilled training represents a cost to the employer, when there is really significant evidence to suggest that it is a net cost?

Hon. Mr. Elgie: As Mr. Pollock mentioned, it is our belief that the level of the subsidy simply covers the training costs involved. There is no suggestion yet from the commission, as Mr. Pollock indicated to you, that the subsidy program now in effect should be increased. We feel the proportion of wages now paid covers whatever training costs are involved.

Mr. Mackenzie: Does the ministry intend to set training standards and certification policies in training areas under EST?

Mr. Pollock: I believe that something in the order of 90 per cent of the positions presently being trained under the EST initiative are to provincial standards in regulated trades. It certainly is the intent, where training is not to provincial standards, to determine whether that is the trade that should be regulated.

One of the problems is we didn't have manufacturing trades in Ontario regulated until June 1978. We regulated three: mould-maker, tool and die makers, and industrial machinist. We are adding the industrial mechanic and we are going to add the industrial electrician.

Most of the EST training has been in the metal-machining trades and is really covered by the provincial regulations. With those goes certification. If there is a provincial regulation, then obviously there is provision for certification. The bulk of the EST training is to provincial standards with provincial certification.

Mr. Mackenzie: There is no question then that the intent is to set training standards and certification policies in training areas.

Mr. Pollock: That is correct.

Mr. Mackenzie: Do you intend to develop training packages for EST areas?

Mr. Pollock: I am not sure what is meant by training packages in EST areas. Believe me, the commission and the Ministry of Colleges and Universities, which is really the group that developed these, are completely committed to the concept of modular training. They spent hundreds of thousands of dollars in developing modules for almost anything. That is why I was interested in Mr. Miller's comment about the machine setter-operator because there may already be a piece of the industrial machinist module, a series of modules, that could be used to train somebody just as a machine setter-operator.

What we have been doing is developing it. The Ministry of Colleges and Universities has been at it for 10 years. Very expensive modules have been developed, not just for EST but for many employers in a variety of circumstances.

Mr. Mackenzie: One of the things that concerns me is, on one hand, we seem to have the push for provincial standards but, on the other hand, we get the argument for customized training. The inference is that it is training for specific local needs and it doesn't give the workers the ability to end

up with that ticket, which really is one of the real carrots in terms of any apprentice-ship or training program.

Mr. Pollock: The position of the commission is that if public sector money is involved in any way in the training program, it must serve the need for mobility, which means you must get some training that would be portable.

Mr. Mackenzie: I think that is one of the things of which you are going to have to convince the union movement in your talks with them, because as they see it developing, they don't see the program accomplishing a particular end.

Mr. Pollock: I am convinced I can convince them.

Mr. Mackenzie: Can you tell me what the specific criteria are? I hope you go into it with some very good arguments and not just that hard-line approach, Mr. Pollock, or you are going to get shot down very quickly. I know some of the arguments they are going to be using with—

Mr. Pollock: I might say, Mr. Mackenzie, that having run a company and dealt with 10 unions in my time, and knowing some of the union members and presidents intimately, I would not want you to think I was going in there to tell them what they should think. I assure you they haven't all the information I have at my disposal and reasonable men, equally informed, seldom disagree. That has always been my experience with the trade union people and I am convinced I will have the same experience on industrial training.

Mr. Mackenzie: With all due respect and kindness, Mr. Pollock, you are in for trouble before you even start. What are the specific criteria for the establishment of community industry training programs?

Mr. Pollock: The community industry training programs? It would depend. Do you have one in mind? If you want to talk about the millwrights in the grain elevator trade, there are 200 people up there who are having difficulty in meeting the needs of the employers because of the growing sophistication of the equipment being used. So in conjunction with Confederation College, they put together an upgrading program for those 200 people.

If you are talking about the Canadian Tool and Machine Association—a potential of 600 apprentices there—they are being trained to the provincial standard for tool and die makers.

I met with the Ottawa Bakers Association a few weeks ago, and what they want to do

is put an EST program in Ottawa for training bakers. We sat down and talked about it. We looked at the provincial modules that exist for bakers and we talked about how that could be done in Ottawa—to move from what seemed to be half a dozen apprentices in Ottawa to 17 bakery apprentices. The interesting thing is there would be 16- and 17-year olds and they wouldn't need grade 12 to participate in it.

So I think there is a tremendous range of training packages that are available that can be shaped to the particular needs of Ottawa and the bakers, or the millwrights in Thunder Bay.

Mr. Mackenzie: Let me then raise with you a couple of matters that have been thrown at me in discussions on this: One is that EST has become largely a funding mechanism without the criteria for evaluating the legitimacy of the training. It goes on to deal with some of the subsidies there.

The suspicion is very strong that in the certification of trainees ministry people are really letting almost anything qualify as EST, and that the personnel are not that concerned about the certification of trainees, and this is resulting in an encouragement of the fragmentation of the skill-training processes.

That is going to be the crux of some of the arguments you are going to get.

Mr. Pollock: I can assure you, Mr. Mackenzie, that I will be in a position to deal with them because I have stayed very close to EST for that very reason, that there is a possibility people in the trade union movement are saying that this kind of modular training will fragment trades, it will turn out partially trained people, and that can cause problems. I am certainly aware of that.

Mr. Mackenzie: Do you reject that concern of theirs?

Mr. Pollock: No, I don't reject it because it is a genuinely held concern. What I want to do is review with them why they have that concern and the basic controls I have gone and looked at to make sure they are in place so that partially trained people aren't turned out.

I would emphasize again that I would say approximately 90 per cent of the people in EST are being trained in provincially regulated programs and they must pass a certificate of qualification exam and meet the hours that are required and the classroom instruction, so they will come out on exactly the same basis as an apprentice from any other program, whether it is a program under the EST initiative or not.

I am really looking forward to the opportunity to review their concerns with them, because I have made a study so I could reassure them.

Mr. Mackenzie: You also know that they figure some business people would not accept the concept of regulation and are approaching EST simply as a means of avoiding regulation.

Mr. Pollock: I accept that possibility.

Mr. Mackenzie: They have even raised with me the rumour that some ministry personnel present EST as a way of avoiding the apprenticeship program.

Mr. Pollock: That may well be, but it certainly would be in the minority of cases. There may be the odd person who might propose that. In the final analysis you are going to have to satisfy the apprenticeship branch that you have met all of the requirements for an industrial machinist, whether you did it under an EST type of program or the conventional apprenticeship program. You can't run away from it, it is always going to be there.

Mr. Mackenzie: What about the argument raised that one of the reasons for the wariness about the community industry training councils is that the feeling was that EST was in the nature of a pilot project—I guess coming out of the ministry's 1978 paper? They had said 31, and I understand from the minister now that 44 councils are around the province.

It was certainly the feeling that there was not a hell of a lot of input into that decision in terms of the union movement and, as I pointed out to you, they are concerned with the makeup of the councils.

Mr. Pollock: Quite frankly if I had been in the position I am in now, when EST was in its formative stages, I think I could have given my colleagues some advice on getting the all-out support of the trade union movement, which I think would be possible in this area because it is something that unions are interested in. I think perhaps they were naive. I have been working with them to try and overcome that, so we can have all the partners in this process involved and all feeling that it is making a worthwhile contribution to the province.

Mr. Mackenzie: Another point that has been raised with me is that the ministry has not given the trade union movement the criteria for the establishment of the councils, including the criteria for membership; that the ministry has not undertaken to discuss and plan the approach to labour in-

volvement and in fact labour recruitment has been on an ad hoc basis with two or three different colleges approaching them.

There are a number of other comments I have here but it leads to the wariness with which they are viewing the whole process at this point.

Hon. Mr. Elgie: Mr. Pollock, would you comment on that again?

Mr. Pollock: It is interesting because it all depends, I guess, from where we get our information. I know for a fact that in October the Minister of Colleges and Universities wrote the president of the Ontario Federation of Labour asking for his co-operation in this, and I know that discussions have taken place between their respective officials. I know there is a meeting to be held later this week to try and iron out some of the misconceptions that have arisen on both sides.

I would think—in fact, I would go further. I would reject the concept that this ministry, or the commission, or the Ministry of Colleges and Universities have not been trying to enlist the active support of the trade union movement in the province. In the early stages it may have been done somewhat awkwardly, but, nevertheless, I know since October they have been striving to try and get this blockage removed.

Mr. Mackenzie: If the composition of the councils is as important as I think it would be why not take a look at the makeup of the provincial advisory committees on the skilled trades, which, as I understand it, are composed of equal numbers of labour and management representatives with a neutral chairman?

I can tell you they don't feel that two trade unionists on a council, with two industry people, and in a management, industry or education majority with the chairman, are going to have the influence or the say they would for example, in the provincial advisory committees on the skilled trades.

Mr. Pollock: My concern, is who "they" are, because Frank Mazar in Thunder Bay says it ain't him; he doesn't know who the hell it is, but it ain't him. He doesn't mind the composition of it, and I am going to go around and talk to each one of these councils in turn, because I am trying to find out who "they" are.

Mr. Mackenzie: Why not mandatory training?

Mr. Pollock: I have some difficulty. Mandatory training; whom would we require to train whom?

Mr. Mackenzie: I think the companies should train the employees and the apprentices whose skills we're trying to develop.

Mr. Pollock: I think we would like to feel that it would be possible—and I accept the reservations you have already registered—but if we have to get into mandatory requirement, it will be somewhat unique; at this time we will probably be the only jurisdiction that has it. If you are going to make Ontario manufacturers or employers generally train, how are you going to keep the employees after they have trained them in Ontario?

[11:30]

People keep looking at the European experience and continually overlook the fact that we have many jurisdictions here. This is not a homogeneous society or organization such as you have in the UK. One of the things we have to be careful of in the commission in making recommendations to the provincial government is that we don't put people in Ontario at a disadvantage where they are financing the costs of tradesmen in Alberta.

Earlier you raised the levy grant system and I should have replied at the time. Certainly this system is one of the things we would look at. I would remind members that it was operated in this province between 1930 and 1932 in the construction trades. It had to be discontinued because of the objections of small contractors. So the province of Ontario was one of the earliest jurisdictions to work with this concept, but certainly we would look at it. As I am sure the members know, the commission of inquiry on educational leave and productivity, under Professor Adams at McMaster University has recommended that we have a levy grant system. I have spoken at some length to Professor Adams and I pointed out to him some of the problems that exist, not the least of which is that it would have to be a national program supported by every jurisdiction in Canada.

Mr. Mackenzie: What do you do with a couple of the specific cases that were brought to my attention? I was told for example, that in Brantford, the labour council was never approached at all about the makeup of the community council. I know from my own experience that the labour council is one of the key functioning bodies in that area. It was the same in Peterborough, where they came up. One of the programs suggested was that we included an indenture program where a worker was required to spend three years with the company, if he went through the training programs.

Mr. Pollock: I don't know Brantford. If they haven't got the Brantford and district labour council represented, then they damned well should because that is a mistake. In Peterborough they have union representation because I know Henry Nokes is one of the two union representatives on the Peterborough committee.

Mr. Mackenzie: What is your reaction to an indenture program?

Mr. McClellan: Can we just backtrack before we get to the indenture?

I want to ask, what is your role? Are you monitoring the committees to make sure they have labour representation? What is your responsibility with respect to this particular instance of apparent lack of labour representation in the Brantford council?

Mr. Pollock: What I find interesting is that these committees are developing. There are enough of them. I went to a conference in Kingston where they had four presentations from four separate local industrial training advisory committees. I won't mention which one got up and talked about its composition. When we got to question period one of the other committees said, "You didn't make any reference to trade union representation." He said, "No, we had some difficulty in getting a representative." The questioner replied, "As far as I am concerned you are going to have continuing problems with your program until such time as you do."

I don't know why Brantford doesn't have representation. I would like to find out. I will be visiting there and that is certainly one of the questions I would ask: "Do you have union representation? If not, why not?" I was going to visit Brantford tomorrow, but that is now off.

Mr. Mackenzie: Have you taken a look at the Brampton area? Between 50 and 60 per cent of the employees in the machining industry in the Brampton area are unionized, yet the major unions in that area, certainly the UAW, have just refused to touch it.

Mr. Pollock: I think it is an interesting point. Yes, I have looked at Brampton. The problem in Brampton is that there is a need for industrial mechanics in Brampton. It was identified by the local committee and an innovative approach to meeting it was developed. The United Auto Workers flatly refused to support it because they do not have a trade called "industrial mechanic."

It didn't matter that 150 other people in the Brampton-Peel area did have that trade. They were saying, "You can't do it because we don't recognize it as a trade."

When I look at the problems that certain employers cause in this training area, then I am not unmindful of the problems that some unions cause as well. This was a problem and it wasn't necessary. They may call them machine repairmen. What I found interesting is that there were two UAW people in the committee that recommended that they should have an industrial mechanic program in Brampton-Peel.

Mr. Mackenzie: It is going to be interesting to have your comments relayed. I hope they are relayed before you get into your sessions with them. Do you understand their concerns? This is a report from their committee looking into manpower training to the executive of the Ontario Federation of Labour. They stated simply that, "At the present time it is our concern that training being offered will lead to fragmented or multi-skill training, leaving the trainee semi-skilled with non-portable skills far short of the journeyman level."

They go on to discuss their concern about the wage subsidy encouraging employers to enter the field by arranging for lower labour costs. Are you aware of the concern that what you're really going to get is not skilled but semi-skilled workers out of the program?

Mr. Pollock: If I can just reach into my bag, may I tell you what I'm going to tell the Ontario Federation of Labour today on that very point?

Mr. McClellan: The meeting is cancelled.

Mr. Pollock: I hope it isn't, because they needed more time to prepare in the light of my comments.

Mr. Mackenzie: They have well prepared their material. It's not that they need any more time.

Mr. Pollock: I would say, with all respect, it isn't the first time I've heard some of this material. Recognition for skill is one of the things that's covered in the OFL statement on manpower policy. I'm discussing with them the development of blocks. In my paper I say, "The development of block-based curricula in the province is a major step to ensuring this end." That is that all training can result in certification which guarantees portability.

We would like to see an extension in block training, or modular training, with a parallel certification process. This will be a major undertaking but one which will do much to make meaningful training available to a wider cross-section of working people.

"I strongly disagree with those who suggest block training results in fragmentation and the production of partly trained people.

For example, take a block training program for metal machinery. It should be possible for an individual to have access to some or all of the blocks which in total make up the industrial machinists' program. If a worker wishes to undertake only some of the blocks"—and I think this is the case Mr. Miller's describing—"then this is quite acceptable provided it is accompanied by proper recognition. Should an individual not be able to attain all of the blocks with one employer, he would be in a position to seek them from another employer with due recognition for his previous training."

So, I totally reject the suggestion that modular training results in the fragmentation of trades. As I said to Cliff Pilkey when we discussed it, in the final analysis the unions have a significant influence in this area by virtue of the collective agreements they have with companies. You simply can't take work that was previously done by an industrial machinist and give it to an eight-week wonder. That's not the intent of modular training and I very much disagree that it will lead to fragmentation of trades. I don't think it will. I think it will make skilled tradesmen.

Mr. Mackenzie: I accept some of their answers but not all of them. I'll leave that for you to argue out with them on that one.

There was a suggestion made in Peterborough that really struck me and I know it appalled some of their people. What would your approach be to the indenture question?

Mr. Pollock: I find it ridiculous. I don't even know that it's enforceable at law. Not being a lawyer, I shouldn't offer such a comment, but I find it a ridiculous suggestion.

Mr. Mackenzie: I take it that there's no question the local community training programs are the operative mechanism for this whole program?

Mr. Pollock: No, I think it depends on what is the operative mechanism. If you're asking who is going to recommend that we have a need for industrial training in Peterborough for industrial machinists and tool and die makers the answer is the local group would. As to the delivery method, they're really not skilled in the delivery method. They would look to the community colleges and the Ministry of Colleges and Universities in terms of program design and in terms of program delivery.

There are local needs identification and input into curriculum, given that some specialized group with knowledge in the field will be working out the specific curriculum. There are many parts of the operating

mechanism. They are one of the parts of that operating mechanism.

Mr. Mackenzie: I guess it would really be the responsibility of the Ministry of Education. In recognizing trades and the service sector of the economy, are they prepared to broaden the recognition of the service sector of the economy in terms of recognizing trades?

Hon. Mr. Elgie: I don't have any personal knowledge about that.

Mr. Pollock: If I may comment on that; again from my Ontario Federation of Labour speech that I'd hoped to give today and may have to give later on. There is a comment with which I disagree in their statement of manpower policy. They say, "To ensure a comprehensive approach to manpower training we urge government to establish new training fields outside secondary manufacturing. In particular, we believe the training program should reflect the emergence of the service sectors as dominant employees."

Quite frankly, what I say is while I agree there's been a recent emphasis on the industrial sector, I do not support the notion that service-sector training has been neglected. We have very broad programs already in the service sector, in such areas as motive power, which are the motor vehicle mechanics; baking, I referred to the people in Ottawa; the hospitality industry; hairdressing; barbering; health care; family care; recreational leadership, et cetera, not only at the trades level but in post-secondary and manpower programs at the college level.

Mr. Mackenzie: We have a particular certification for all of those?

Mr. Pollock: The trades I mentioned—barbering, hairdressing, baking—are regulated trades. The interesting thing is that motor vehicle mechanic probably is one of the oldest trades in the province in terms of government regulation and certification. It was certified and regulated in 1944. The first industrial trade was regulated in 1978. I don't think the OFL—and I hope to tell them that when we get together—can support the claim that training is industrially oriented, to the exclusion of the service sectors in Ontario.

Mr. Mackenzie: I wish you luck in some of that. I'm not going to go into some of the specific questions that you'll get, but it's going to be an interesting session. I have for the moment nothing further on this, Mr. Chairman.

Mr. Chairman: Is this a supplementary, Mr. Wildman?

Mr. Wildman: Yes, it's about trades development outside of the areas we're talking about now, which Mr. Mackenzie just asked about.

Mr. Chairman: Mr. Haggerty, Mr. Van Horne and Mr. Conway come first.

Mr. Haggerty: I appreciate the comment from Mr. Pollock. He seems to be very knowledgeable in the area of manpower requirements in Ontario. I can associate myself with some of his comments as they relate to tradesmen being trained in Ontario. I have found from my experience there has been a closed shop in a number of areas in certain unions in order to get a number of apprenticeships into that program. I'm glad that finally the government is moving into this area and that it will be government sponsored. I think the unions in the past have done a good job in training a number of the skilled trades in the industry.

I've gone through some of your survey results, from the Manpower Requirements and Hiring Plans of Ontario Employers in the Manufacturing Industries. I was looking at the Niagara College area. On page 119 it says: "Employer concerns and special problems: Several respondents from the area reported a general shortage of tradesmen in the Niagara area. Many seemed to believe that the education system is inadequate." I suppose if I were to look at all the other comments in the areas where you made inquiries and at the responses you received, every one of them would say in summary that the education system is inadequate.

It says: "The education system has failed to forecast the need for skilled labour." This is the comment from the employers. I don't think we can blame the education system for the failure to forecast the need for skilled labour. I believe that would be the responsibility of the Ministry of Labour. I notice it's the same old thing. It's the same problem with machinists, millwrights, maintenance mechanics, tool makers and product process engineers.

I've had the opportunity to talk to a number of local businessmen, particularly in the area of machine shops and tool and die shops in the area. They don't mind taking persons in to train them as apprentices but after they seem to accumulate about two years of experience they're off to a larger company such as General Motors or others in the Niagara Peninsula. They seem to raid the small tool and die shops that want to train people.

They have indicated to me that training a skilled tradesman in the area of machine shop or tool and die making costs them roughly

\$25,000 over a two-year period. The industry cannot absorb that loss. I don't know what the answer is.

I know the federal government has provided around \$300 million or so within the last year for manpower training programs and upgrading education in the area of trades training. Could you tell me how much of that \$340 million has been spent on the apprenticeship program in Ontario? Would anybody have that figure?

Mr. Pollock: I could get you that figure. The last figure I saw was something in the neighbourhood of \$17 million or \$18 million. [11:45]

Mr. Haggerty: That falls far short of the total amount allocated by the federal government for manpower retraining programs in Ontario.

Mr. Pollock: The total federal spending on the two main manpower programs—which are the Canada Manpower training program and the Canada Manpower industrial training program, which includes the apprenticeship training—for the fiscal year ending March 31 is \$125 million.

Mr. Haggerty: For some unknown reason the provincial government, particularly the Ministries of Education and Labour, and others, did not read the signals in the past that we were heading into this problem and that we would require a number of additional skilled tradespeople.

In the 1690s our educational system was geared to post-secondary education, more so than to the service industries or the trades. I think this is where the government can be held responsible in that they didn't foresee the need.

Mr. Miller mentioned he spoke to a person running a small shop in Nanticoke. These people come from Europe. I'm telling you about the persons I've dealt with in my area—I think they're from Germany and other places in Europe—who have started up a small tool and die shop or a machine shop. They tell me that our educational system has failed in this area; that you can get a grade 12 student come in and start training him, or you can get a university student who can't find a job to come in and it's difficult to retrain them.

I know from my experience in the field of employment in this area that those persons who came here from Europe after the last war are well educated in their trades. Yet their education wasn't perhaps of the standard that I or anybody else had received in our school system at that time. For some unknown reason, their training program for trades is such

that once they leave school at the age of 16 or 17 or 18 they are qualified.

You were talking about the block or modular type of training. I think Waterloo University has an exceptionally good program for engineers. They work so many months in industry and so many months back in school. I think it's been very successful. In fact, if you look at the training program they have in England for engineers and technicians, they have different levels of qualification. Someone may be 35 before he reaches the top level as an engineer. Some of the standards over there seem to indicate they're just as qualified as the university student here who's spent four years in an engineering course. They have different levels over there. I suggest that's what you should be looking at.

If you look at the old method of training tradesmen, many of them didn't have grade eight education, but many of them came out with good qualifications for a trade. Do you know how they obtained that?

I can think of many industries in the area I represent that had what they called International Correspondence School courses. I could name a number of stationary engineers who took that course and have advanced to become first-class and second-class stationary engineers. Even some of the engineers on the Great Lakes shipping vessels have taken that route, because that was the only thing available to them until the late 1930s. Then we came out with the composite school, where you had a little bit of vocational training and the academic schools in the high schools.

In that program there was a way you could find a place in our school system for that student. Perhaps certain students didn't want to take Latin or French, for example, so they took spares, in conjunction with vocational training.

I can recall Welland high school, which had a good vocational training section. Students from Port Colborne travelled for 30 and 40 miles because they wanted to get into that trade school. They could see this was an area they'd want to be employed in. It turned out to be very successful.

Then in the 1960s we were in a situation where we were looking at higher education—more university students, post-secondary education. There's nothing wrong with it, but we got side-tracked. We didn't look to see what types of employment other persons in our society wanted. Many of the schools phased out vocational training.

Now we've come into the community colleges. We've now got the colleges in many areas gearing up for vocational training of

tradesmen, pipefitters, machinists, or whatever. I think Niagara College has a good program relating to machine shop and the new technology, the computer type of machine. When I looked at the shop that I was employed in I was amazed they had two or three of these machines. They're very expensive—\$300,000 for a lathe, or something like that.

I was amazed more than anything at the persons who run them. There was a programmer there—and the only place you can get this training is at Niagara College—who looks after three machines. It's amazing what they have to do. From the blueprint they work out all the basic steps for that lathe, or whatever it may be, for the computer to work with. It's amazing what this machine can do.

To do this they have to call a computer centre in New York. Then it's sent to a large computer centre in Texas and everything is checked out. It comes back to the programmer here, all in tape form, and the machine is ready to go. It's amazing what that machine can do.

I'll tell you, this is an area we're going to be going into more and more every day. But there isn't, to my knowledge, any improved, expanded educational system established in this area so we will have these types of employees in the machine and tool shops to carry on. It's an amazing area and I suggest that we should be looking closely at it.

I blame a lot of it on our educational system. Perhaps we should again be looking at the correspondence courses for these persons who want to get into the machine shops to learn something; they can take a home study course and apply their mathematics in that area. I have a lot of praise for the people who come from Europe because they brought many good ideas on machine-shop practices and skills with them that have been a great success for us in Ontario. But it's through their educational system.

I still think today that we can go back and train them again. But as you mentioned before, I know that in certain unions an apprenticeship program was a no-no. They had a certain few they wanted.

What always bothered me most at that time was that to be certified as a tradesman in a particular trade union it had to be done through an American union. That really rubbed me the wrong way. There are many good tradesmen in Ontario—millwrights in industry in my area and other areas in Ontario—who are not certified because they were not

fortunate enough to come under that grandfather clause back in the early 1960s that entitled a certain few in the industry to become qualified.

That's an area that kind of spoiled the apprenticeship program too. You mentioned it in passing, but I think you're correct on it. I don't think it was done intentionally, but it did take place. It did stop a number of persons entering that particular field.

I remember that in the trades I was in I had to qualify as a welder—not that I wanted to weld, but I had to do that because I was installing pipes and hooking up machinery as a millwright. I had to have a ticket—I think it was a U-69 ticket—from the Department of Labour. That meant nothing to a certain union because I wasn't qualified under their union.

I can recall days when good, qualified millwrights had to leave a job because they did not qualify; they didn't carry the certificate the union had at that time, yet we all belonged to the union.

But there were so many discriminatory practices that took place in the past. I hope that day is gone and that we come forward with a good program here in Ontario to ensure that everyone has equal opportunity to become an apprentice and to continue in employment, regardless of what industry it is. As long as he carries that diploma from the province of Ontario it should entitle him to employment any place in the province. I suggest—and I'm glad that we're moving in that direction—that we eliminate the practice of the pass. Of course, there was a reason for it and that was to protect trades at that time, but I think that day has gone.

I think one other development too has dampened the apprenticeship program; that is the metric system. We just jumped in a little too quickly without bringing in the educational requirements necessary in changing from English measurement to the metric system here in Ontario.

I know many persons employed in machine shops, tool and die shops and fabricating shops were not too happy with that movement, because it meant that they had to make a sacrifice in tools, et cetera. I don't know if they were truly compensated for all the tools they bought. I have today a tool box in my basement loaded with micrometres, dial indicators and things like that. I don't know what good they'll be to me any more, but they're there. But how many more tradesmen who had the same amount of tools had to go out and purchase others in the metric system? I think that may even have discouraged indus-

try in moving into the area of bringing in additional apprenticeships.

Another area of apprentice training the chap mentioned to me is if you're going to have an apprenticeship program, then there has to be some protection for the employer so you don't have a person training for one or two years who then leaves for another area. I think there's an obligation to that employer who is willing to train a person; we should at least say there is a time limit before he can leave the company. That may seem to be harsh but I think again that industry has to be protected. When you are training a person, in the long run the benefits are going to be for that employee.

These are my comments. There is a greater push in the apprenticeship program and perhaps in the different segments of educational need in this area.

This is a good document. It does indicate the problem areas. I appreciate your concern with and your knowledge of this particular area—the grasp that you do have on it. Some of it may be hard for some of us to accept, but they are the facts. I appreciate that.

Mr. Conway: Recognizing your interest in matters in eastern Ontario, I am going to speak on your behalf as well as my own and on behalf of others from the far east to discuss—

Hon. Mr. Elgie: The far east?

Mr. Conway: As opposed to the near east—Oshawa, Whitby and places like that.

Mr. McClellan: Call it the middle east.

Mr. Conway: It's been a very interesting morning. I have sat in committee rooms for four and a half years and I've seldom heard such lively exchanges. And I've seldom felt that a minister was as redundant in these discussions as in the period earlier this morning. It's been very interesting, very useful and I think very productive.

Hon. Mr. Elgie: I'm not sure that's a back-handed compliment or not.

Mr. Conway: I wanted just to draw to your attention, Mr. Minister, and to that of Mr. Pollock, who is with us this morning, a concern I have about manpower policy in my area, Renfrew county, which has a high incidence of unemployment. Together with that traditional unemployment we have increasing evidence that we're not even able to fill the job openings that are there in the traditional blue-collar sector.

I wanted to talk about an article that appeared—I don't know the background of it. I'm sure it has something to do with your ministry. I know it does, as a matter of fact.

The article is from the Ottawa Journal of February 3, 1979, entitled "Need For Skilled Workers Forecast In Area Counties." It has to do with a \$20,000 study—I gather funded by the Ministry of Labour in conjunction with others. Are you aware of this particular study? The report seems to indicate an involvement from the Ministry of Labour.

Mr. Pollock: Mr. Conway, would that be what's called the Five Counties Industrial Training Program?

Mr. Conway: That's quite possibly it; Prescott, Russell, Lanark, Ottawa-Carleton and Renfrew?

Mr. Pollock: Yes. They have a \$20,000 grant from the Ministry of Colleges and Universities.

[12:00]

Mr. Conway: Are you aware of the findings in terms of the initial report?

Mr. Pollock: Yes, I am. I was there two weeks ago and met with the executive. They gave me a copy of that report, which certainly had more detail in it than we were able to gain in our survey, because they didn't just rely on a mailed survey such as we did. They followed up and did interviews. It's a very impressive survey.

Mr. Conway: I haven't seen the survey yet though I've asked for a copy of it. I do have the press report, which seems to be reasonably accurate from talking to two or three of the people listed as members of the study. What I want to know and what I want to gather from you is what kind of strategy your manpower commission will now apply to that particular report, which indicates a need for 500 skilled workers over the next very few years for that part of eastern Ontario?

Counties such as my own have unemployment, seasonally adjusted, which over the winter is almost certainly and traditionally double digit. I'm anxious to know what your particular commission will do in the way of a strategy to implement programs that will deal with the particular openings that are developing. It has been of increasing concern to me that while we go forward and seek in various ways, through industrial commissions and the like in my own county, new opportunities for employment, there is increasing evidence from people I know who are not even able to fill the openings that are current.

I think particularly of the forest products and lumber industry, which is a traditional one in my county and one I have some involvement with. I hear a surprising amount of anecdotal evidence which indicates that more and more skilled jobs in that particular

sector are going wanting. It's not uncommon to hear of a 69-year-old millwright being replaced by a 58-year-old person who has been brought in from New Brunswick. That concerns me a great deal because I see an increasing export of people of my own age group out of the Ottawa Valley to the great metropolitan heartland of which we are now resident.

Hon. Mr. Elgie: You are one of them.

Mr. Conway: I am one of them of course. I was one of those people who was heartened by the appointment of the commission. I know something of the background of it and I am very anxious and apprehensive about just what kind of responses we're generating to this kind of evidence.

I agree with what you were saying earlier, certainly though I didn't hear it all. The private sector must accept a great deal of responsibility for what has happened. I do know something, as I said earlier, about the lumber industry. In fact, I have a family which is deeply involved. They have not done nearly enough in my view to recruit the young people of my generation to the job openings that are created, particularly in the skilled sector. There are several of these which are relatively well-paying and which have gone wanting with no effort, by and large, made by the private sector to match the openings with the increasing number of people who are coming out of the expensive educational sector and who could qualify.

If we use the case that we have 500 skilled jobs opening up in a high-unemployment area—the chairman of the commission will know exactly what I am speaking of here—what are we going to do as a manpower commission to develop strategies that will tie in the manpower resource that is there, which is presently being exported and which, hopefully, can be redirected to meet these kinds of opportunities? It really does seem to me an important matter of urgent and pressing necessity.

What kind of strategy are you contemplating with respect to the eastern region? I'll use my own county as a good example of high unemployment, and very high outmigration of young people, yet the indication is that we have 500 skilled job openings in the area. What kind of strategies are we going to see from the manpower commission to unite the people with the opportunities in these skilled sectors?

Mr. Pollock: The thing that pleases me is you're not going to see as much of the manpower commission in developing strategies in that area as you are going to see of the five

counties' industrial training council. They are really the instrument. I'm sorry Mr. MacKenzie isn't here because he seems to have some concern about how industrial training councils in the local area will work. They did the survey and identified the needs. They've been meeting with a group of people.

For example, there is a serious shortage—and not just in Ottawa and the five counties area, but elsewhere—of instrument mechanics. You can't run processes in a pulp and paper mill or an oil refinery, because we had the same problem in Sarnia, or operations like that without them. What they're doing is they're getting the employers together—if it's instrument mechanics we are talking about—and developing a curriculum.

They're doing the same thing in Thunder Bay for the paper mills—talking to the provincial government about what kind of program can we put together because we have the problem here. Other trades have been identified. I know they are working in the metal machining area, because there's obviously a need there as well.

So our strategy, if I can say so, is to encourage the local people to accept responsibility for identifying their needs and solving them within the community to the extent they can do that. To the extent that they can't be solved because, let's say, there is a province-wide shortage of people, or we have too narrow a training base—for example, perhaps the people are leaving the five counties because even if employers were training there, people are paying more money in Toronto and aren't training. That's the point Mr. Haggerty raised; we have to get at people who aren't training but are attracting trained people away from other people.

Our strategy will be broad, primarily province-wide, with confidence that the five counties group in your area will be able to address the specific local needs.

Mr. Conway: Then at what point in that process do you intervene, with the local option which you're espousing that it's their responsibility to identify the needs and to accommodate the results of such a study as I've mentioned? At what point do you and your commission and the Ministry of Labour intervene with a directive, a policy strategy? Is it really not at all—that it's theirs to work out; that you will provide the funding for these kinds of surveys and studies, but beyond that you really don't see a responsibility to intervene?

We have an interesting document from the Renfrew County Board of Education which has, in its own way, recognized the kinds of

problems that are spoken of in this particular study I've just mentioned. In their white paper on occupational and technical information for the county, they really do suggest some very startling new departures, given the kind of system I left 10 years ago. What I'm anxious to know is what do you, if anything, have to say about that kind of process? You may have answered this earlier; I apologize if I wasn't here to hear it.

At what point do you say to the Minister of Colleges and Universities, from your point of view in manpower: "Such and such needs to be done. We have identified these kinds of needs overall, or more locally in the eastern region, and we believe that the following course of action should be taken. We believe, for example, this kind of document from the board of education speaks to the reality of the job creation needs of the 1980s and we want the following accomplished"? Do you do that sort of thing; do you contemplate that kind of activity?

Mr. Pollock: Yes, we do. Again, if I could underline it, we're dealing really with a province-wide problem. If we identify that there is a problem that is peculiar to the five counties area, then that obviously would be addressed in one manner. Let's say, as Mr. Haggerty was indicating, that perhaps our educational system isn't as appropriate to the needs of our economy as it once was. Let's say we do have this almost excessive pre-occupation with post-secondary school programs as opposed to preparing people for work. Then we would look at the provincial level.

As you say, we would go to the Minister of Colleges and Universities or the Minister of Education—one and the same—to bring that in focus to them. But again, we are looking for the local response, from the local employers and trade unions, and the local college. Algonquin has been very active in that area. But if they are banging their heads against problems that are common throughout the province, then those are the problems that we would look to address as the commission.

Mr. Conway: I regret not having the study in front of me, because I'm sure it would invite a series of other questions. Quite frankly I am interested to know what will happen, because a number of people who have commented to me that the press reports indicate a reality of which they have been long aware, that it's almost—"criminal" is too strong a word but it is sad, to say the very least that we have very expensive secondary schools in the middle of the old and presently very active forest industry, to come back to

that example, and there is no effort by anyone to match the jobs I've identified as going wanting with the numbers of people coming out of those systems and simply having to go to Toronto or elsewhere to find employment. I can think of too many examples of that.

I am very hopeful that the kind of exercise and enterprise that has been identified here through these special area programs that have produced this kind of report will be the answer. Quite frankly, I don't know how we're going to marshal what can be a very conservative educational system to these new realities. When I think back to the moneys spent in my old high school on technical education and occupations and the rest, the results were just absolutely pitiful. I'm hopeful that can now be reoriented, although I don't imagine it will be done without a great deal of difficulty, from a system that may not be as flexible as I'd like to see it. I am certainly going to monitor personally this particular study group. Hopefully, they will have some success that has eluded the precursors of this kind of thing.

I will reiterate that I think it is extremely sad we have this kind of problem in this sector in an area such as my own, where we've had very high unemployment and extremely high outmigration of people who simply have not been matched up with the job opportunities that exist. We are spending \$10 million of taxpayers' money to locate Westinghouse in Renfrew, which will require 400 new people and, presumably, quite a number of new skills that are not presently there.

I wanted to express to you and to the minister my concern that there is a role for government and for the minister particularly. It's going to take some creative leadership from the Minister of Labour and the Minister of Colleges and Universities, whose sentiments I sometimes think are not what the Minister of Labour's are. I just hope the manpower commission doesn't get caught in the cross-fire of those two particular ministries, both delegated with responsibilities in this critical area of skilled job training. I say that quite sincerely.

I firmly believe it's going to take some tough and creative leadership from somebody in the government, and it should come from the Minister of Labour and his manpower commission, to ensure that inflexible and needless local and provincial bureaucracies don't stand in the way of filling those 500 openings with people who really need and deserve those opportunities. I want to say that and to wish you well in the endeavours you are now undertaking.

Mr. Pollock: I accept Mr. Conway's point about the inflexibility of the educational system, but I think the commission is reassured by a growing recognition on the part of school trustees, officials and a wide cross-section of people that we are not making proper use of the secondary school in terms of skills preparation for that 75 or 80 per cent of the people who will not go on to post-secondary education. It is quite a widespread feeling which may well be reflected in the Renfrew report, which I haven't read. That is something that all the people concerned are going to be building on.

I would almost mention the linkage program that is being run by Colleges and Universities, which is to take classroom instruction normally acquired during apprenticeship and to get high schools to teach it as an integral part of the grades 11 and 12 curriculum. That would mean that some of the classroom hours could be waived during the apprenticeship period. I think its great attraction is that it will make secondary school more relevant to some of the people who might otherwise drop out by enabling them to say, "This is terrific. This is really job-related training and that's what I need."

I think there are many signs which we are certainly hoping will be broadly enough based and strong enough to overcome any inertia that might exist within the system.

Mr. Conway: Again I can only report. I think we've made a great deal of progress since the time I left high school in that county 11 years ago.

Hon. Mr. Elgie: I hope that is because of your party.

Mr. Conway: It's not 11; it's actually 10.

Mr. G. I. Miller: It's that practical experience you have got in the outside world.

Mr. Conway: I think we have gone a long way in removing the sort of prejudice that was there when I was in high school in this province. It's not that long ago that there really was something wrong with you if you wanted a career in technical or skilled trades.

[12:15]

That certainly was an anomalous condition when I think of where I grew up. There was absolutely no such emphasis, or no ethic whatsoever in the small eastern Ontario community, a lumber community, from which I came. Not one of my classmates was ever encouraged to take part in any of those skilled opportunities that were there and that would keep them there. There was emphasis that we all had to be neurosurgeons or lawyers.

Hon. Mr. Elgie: And end up doing neither.

Mr. Kerrio: That all changed when plumbers started making more than doctors.

Mr. Conway: I think we have really come a distance from realizing the wrong-headedness of that particular ethic. But what I do not see in 1979 is a corresponding change in our educational system. I just see some of those old programs sitting there. I think of the technical departments of so many of our county high schools and the moneys that have been invested. Then when you compare the output with the input, it is really shameful.

We have a major job to do there. I personally am not sufficiently experienced in exactly what kind of requirements are to be placed. The private sector has certainly not done its job. They have kept too great a distance from the educational sector. In my area, they have not exhibited the sort of leadership that I think was theirs to discharge, and they must be held responsible for that.

I only hope that through these kinds of means and mechanisms we are able to shake up both those private employers and the educational people, with the obvious assistance and involvement of the trade union movement, to match the opportunities that exist with the people who not only reside in that area, but who with their children want to stay there. Enough said.

Mr. Wildman: I have a couple of short questions. I would like to know if the minister could inform the committee as to what progress, if any, he is making towards the establishment of mining as a trade.

Hon. Mr. Elgie: What stage is that at, Mr. Pollock? I do not have that information.

Mr. Pollock: And mine is not that current. I understand that the trade unions and the mining industry have been working on a very extensive modular training program designed for underground miners.

Mr. Wildman: I know they are. I want to know if they have moved from that to certification as a trade.

Mr. Pollock: I can obtain that information, Mr. Wildman. I do not have it at this time.

Mr. Wildman: I know the work that is being done by people like Gib Gilchrist and others on the committee. I think they are doing an extensive job and a good job. Considering the very dangerous type of work underground, where obviously training is very important, I think it is also very important to have some way of recognizing that and determining who has the training to be a qualified miner and who does not. I would hope the ministry is looking very seriously at that,

especially after the Ham commission report about the serious danger underground. I know the union movement is concerned with it and so are the miners.

In the same vein, I would like to know if there is any movement on anyone's part to look at cutters in the wood industry, the bûcherons, as a trade.

Hon. Mr. Elgie: I do not have that information.

Mr. Pollock: The only information I have would not suggest it was being looked at as a trade, but it certainly is a program that is being run at the community college level. As part of our community employment strategy in one of the locations, I recognized in my notes that a cutter and skidder course had been offered at the local level at the local community college—at Northern College, or it may have been at Confederation.

Mr. Wildman: I will not extend this because I know we want to get on to the next bill. There is just one comment I would like to make. I have had some correspondence with the minister about this.

There have been a number of suggestions made by smaller companies and experienced cutters that it could be somehow set up as an apprentice program outside of the community college, or maybe in conjunction with it. It would be a great thing if we could put young cutters on some kind of an apprentice program with an experienced man—I know that a number of the small companies already do that—considering the danger in the bush, and the need to look after yourself and after your fellow workers, with the kind of equipment, the chainsaws and so on, that is being used.

But one of the problems you have with putting a young man or an inexperienced worker with an older man is that because of the fact that many of them work almost on a piecework basis, the older, experienced fellows are making a sacrifice in their income in order to train the young fellow adequately. In many cases, they do not get the kind of training they should get because the emphasis is on getting as much done as quickly as possible.

It might be better if you could designate someone or a group of individuals in a certain operation to be responsible for training others. There could be some mechanism found for paying the experienced man to make up for what he is losing if he is not cutting as much, and to pay him for the work he is doing in training the younger fellow.

Probably the route to go is to look at some kind of certification process so that an individual can be certified as someone who can

train, and if there is an apprenticeship program, this might be one route to go, I would like the ministry to look at that, if possible.

Hon. Mr. Elgie: Thank you, Mr. Wildman. As the commission chairman said, a cutter-skidder training course started in the fall at Confederation College. We will take your remarks to heart and look into it.

Mr. Chairman: Mr. Van Horne, I believe the minister has a response to a question you placed last night. He wanted to say something, I am informed.

Hon. Mr. Elgie: Mr. Pollock was going to respond to Mr. Van Horne's question of last night.

Mr. Pollock: Mr. Chairman, I would appreciate it if Mr. Van Horne would repeat the question. It was somewhat complex, as I recall it.

Mr. Van Horne: I haven't got all of the notes with me now that I had last night, so rather than take the time of the committee I would be satisfied if Mr. Pollock would respond—and I know he will—to this in letter form. I just simply haven't got the material here with me now.

Mr. Pollock: Might I respond to the questions you raised in your opening statement, Mr. Van Horne?

Mr. Van Horne: Certainly:

Mr. Pollock: Which is a matter of a couple of weeks ago.

You were concerned about the question of labour market information from two or three aspects. One was the extent to which we were making labour market information available for career counselling. You have identified an area where there obviously is need for concern, because clearly we have yet to find the mechanism for ensuring that we have up-to-date labour market information available for young people in secondary schools, to provide them with an idea of what the demand for particular occupations would be.

One of the main aims of the labour market information unit at the present time within the system they are developing, and which we hope to have operative within a matter of just a few months, would be to provide much better labour market information so that guidance counsellors for young people could say what would be the employment prospects in a particular occupation five years down the road. One of the problems is that the information that is presently available now in the system is perhaps a year or two old and only forecasts for two years. We are hoping, initially, to start

forecasting out five years. We recognize all of the problems that would cause us.

Another aspect of labour market information that you questioned was the—

Mr. Van Horne: Can I stop you at that point? When this information goes out, it can go basically in two forms, as I understand it: as a memo through the ministry, initiated by you; or through the Student Guidance Information Service, which is a computer program, and the secondary schools across the province plug into that and get the information whenever they want it through the school year. They simply make the request and the information is forthcoming from the machine in fairly short order.

The difficulty in making that information meaningful comes in seeing it is updated. Have you got the mechanics between yourself and/or this ministry, along with the people in the Ministry of Education, whose responsibility it is, to update that data?

Mr. Pollock: There are really three instruments that are involved. As you say, there is the Student Guidance Information Service. There is also Choices, which is the interactive computer program the federal people have. Then there is the whole series of published reports, which is called Careers Ontario, and there are several hundred of those.

The aim is really to get more current information into all three of those about occupational demand and supply in the province. We have talked to the federal people and we are working with them on a closely integrated program within the area of labour market information. They want better information in Choices. We want better information in SGIS, and we both want it in Careers Ontario, which is a document they publish. Our aim is really to keep that information much more current than it has been in the past.

Mr. Van Horne: Again, the visit I made to you was preceded by conversation—the visit was two to three months ago—with the people in the Ministry of Education, whose job it was to program the SGIS. They indicated to me there was considerable lead time needed by them. This, of course, demands that your working with them be done in such a way that they can adjust to that lead-time requirement. In other words, there is no point in their going ahead with something that is going to have to be changed if and when you have your data bank changed.

Maybe I am not explaining myself very well, but—

Mr. Pollock: I understand the point, Mr. Van Horne. One of the reasons we wanted to

expand the time frame over which we are providing the data was initially to overcome that first problem. Because of the time it takes to input this data it could be out of date if you are working on a one-year or a two-year basis.

Mr. Van Horne: Yes.

Mr. Pollock: We would not want to update unless there was a significant change in the occupational status. I think what we would like to do is see if we could not develop some kind of exception routine that would enable us to make those changes into the system. Rather than changing all of the occupational outlook for several hundred occupations, we would just key in those where we felt a change had occurred.

I think it will be done on a trial and error process to see what is possible on an ongoing basis. But we are hoping the system we are working out with the federal people will at least make better information available. Maybe we could just say: "Don't rely on what is in on that program. Get special input in that area."

We think it can make a valuable contribution in that area.

Mr. Van Horne: Okay, thanks.

Mr. Pollock: The other question on labour market information which you raised was the question of the effectiveness or lack thereof of the OMCC, the Ontario Manpower Coordinating Committee, as it pertained to labour market information.

The fact that we are now in a position to move quite rapidly into the development of a better labour market information program is in part attributable to the progress that was made for the first year the unit was in business, prior to it being assigned, in August of this year, to the commission. We have some excellent staff people there. I think this survey the planning of which I believe, Mr. Minister, was started in April, was really done by the labour market information unit.

We have had an excellent response to this. We are now getting requests from secondary schools to see if we can make this document available to them as a guidance tool.

I think most people connected with the unit were disappointed at the time it took to get the staff on site, because they were looking for fairly high level professional people. But it is a valuable resource that we have been able to build on, and in that regard it wasn't that unsuccessful.

[12:30]

Mr. Van Horne: That brings me back to one of the points I made at the end of the

evening. In this letter you sent out with the document—and I commend you for it; it is well done. I marvel at the way you were able to expedite this because it obviously required a tremendous amount of work and energy from you and the people working with you.

But this is a little permissive. I realize there is no other way you could have worded it, but you say "may begin taking appropriate action" in your second last sentence. I think this is the point Mr. Conway was making, that we must hope or ask that, if not your ministry, then the Ministry of Colleges and Universities and the Ministry of Education get on with the task. That demands a strong push from you to those people in education to get going. This permissive business and separation of responsibilities through the various ministries is at times a horrible encumbrance to anything that might be considered expedient.

Hon. Mr. Elgie: As Mr. Pollock mentioned before you were able to get here, it is his belief and the belief of the commission that the co-ordination required can be achieved through the commission. As part of their mandate they do have the power to make recommendations about any program realignment or other recommendations that are required. The commission chairman made it clear, and I support him, that we believe we will be able to achieve our objectives within the framework presently set up. That doesn't say that if it is not working, we are not open to change.

Mr. Kerrio: I'd like to comment on this vote. I am very disappointed really at what has happened so far in any kind of transition to a new involvement in the system of training skilled tradesmen, coupled with the fact that the Ministry of Education has failed miserably. The proof is there to be seen. As recently as two years ago, we graduated over 5,000 school teachers when we had need for 400. When a government has full control over a situation like that and that is the end result, it shows why we have such concern.

Another area that comes to mind immediately is the nuclear industry; it probably has been mentioned before, but I would like to pursue that one. In the nuclear industry, we have so much lead time it is incredible to think no one addressed himself to the training of individuals who subsequently would be needed. It is not like building a plant tomorrow and needing millwrights who take four or five years of training. We are talking about a nuclear industry that had a lead time of anywhere up to 10 years—eight

at the minimum. When those things were going on stream, we were over in the British Isles looking for expert people to man them. If you were to go back through the hiring, you would find out that the percentage is extremely high.

My colleague made mention that in his instance the private sector did not react to training. Being involved with a small company that has been in business some 60 years in Niagara Falls, I would tell you that we have done more than our share of training in order to survive. Some of the best people in the early stages of industries that began very much at the inception of technology were trained in small shops by very skilled people who basically were European and would pass on their skills. Why small companies are not encouraged to train people is that when they train people, larger corporations, which have many more benefits and are better able to pay bigger wages and give some security, take the desire away from small people to train good mechanics.

While there is an ongoing involvement here to see if we cannot clarify the situation and then do something about it in training people, I would also like to ask if we have researched other jurisdictions from which for the past 30 or 40 years we have drawn skilled tradesmen. How did those things occur? We would be wise to look into their background to see how they accomplished these things.

While I was still very much involved in the business I had occasion to see a new concept into being where, at one time, we had on our payroll a hundred people of various skills. You name them, and they were on our payroll. There were pipefitters, welders, riggers and millwrights. There came a new concept of encouraging a small industry to take people on and to help them in an apprenticeship program.

That didn't last very long. We have had no such contact in the past 10 or 12 years. I wonder if we really are tapping the people out there who do have expertise to offer, with some encouragement and with a genuine commitment by people in the industry, by small companies, by trade unions and government.

We are still sadly lacking, it seems, some kind of co-ordinating group that would bring all these people together, to sort out the basic problem and get on with the job. We have been talking about it for a long time. Some small companies have been very self-sufficient. They train the people they need and they are quite flexible. They get on with

the job. I wonder when we are going to recruit those people in such a program. I can't recall when I was last asked to participate.

I don't want to sound egotistical, but I was brought up in an environment where my father was a very difficult taskmaster and a tremendous tradesman. I take pride in that fact but I can't take any kind of feeling that I accomplished this. It was an environment. I wonder if that isn't how some of these tradesmen came about, namely, in an environment that was conducive to doing a good job and being trained how to do it properly.

We still have a very high percentage of these tradesmen in our factories and in all the work we do. I don't think the transition is fast enough. I am looking for some acceleration in it, if we are going to meet the needs of all the new plants coming on stream and the new technologies. If we are thinking of being somewhat competitive in new technologies, we have to accelerate this a great deal more than is being done. I have a lad in high school. I am not excited about the kind of help he gets from the people in charge there as to what his capabilities might be and what he should be thinking about. I don't see a great thrust in teaching the skilled trades in our area.

I don't see much change. We keep talking about it and about committing more money, but I don't see any real commitment to saying that our goal is seven or eight years down the road, and we're going to be able to produce all the tradesmen this country needs. Without that kind of commitment, I don't know how we are going to accomplish it.

I draw a little bit from the experience I had in that field. I don't see any real light ahead. What is happening here excites me. We have been talking about it for a long time. The net result of what has happened in recent times proves that we are not accomplishing very much. Do you have a feeling that there is a real commitment with the Ministry of Education in that direction? It is really a combined effort, is it not, that it is going to be needed to accomplish this?

Hon. Mr. Elgie: I have to say in all honesty that I do sense that kind of commitment to broaden the industrial training base, to get the private sector in all areas to take up responsibilities it hasn't taken up before and to whatever restructuring may be necessary in the secondary school system.

I don't have any information available to me to comment on your remarks about teachers. The nuclear industry skilled training needs are part of the general overall skill

needs we are addressing. If I could in particular ask the commission chairman to comment on what I take to be the other four main issues you addressed, one issue was that, in essence, small companies that do train are plagued with poaching problems.

Mr. Kerrio: The biggest single problem.

Hon. Mr. Elgie: Second, you asked if we have gone through an evaluation of what has been tried in other jurisdictions to try and see if there are some models that should be used here.

Third, you asked are we adequately encouraging the private sector to carry on this broadening of the industrial base and to get involved in a broader and bigger sense in the whole problem that faces us all, but primarily faces those in the private sector, because they are the ones that are producing the goods, or the manufactured products that are required.

Finally, the fourth point you raised concerned attitudes, and attitudes are a problem—attitudes of employers, of parents, of teachers, of guidance counsellors, and of students.

Perhaps if you wouldn't mind, I could ask Mr. Pollock to comment on some of those points, because I know he is very involved in all of those, and has been for several years.

Mr. Pollock: Mr. Minister, to respond first concerning the small company, there is no doubt that small companies that train, in certain locations in the province, are being victimized by larger companies that don't.

At the Skills for Jobs conference the Premier chaired in June 1978 the question of the equitable distribution of training costs came up. When he was questioned about his attitude, he said he would like to believe that we could find a method by which we could equitably distribute training costs without legislation, but if we can't, he said we would obviously have to consider legislation.

At this point we see the poaching that is going on as a problem. We are trying to address ourselves to non-training firms, to say, "Look, it has to stop." We are afraid that if suddenly there is legislation that results in the equitable distribution of training costs, everyone will ask what the problem was the legislation was designed to solve.

What we want to do—and we are probably talking about fewer than 200 large firms, or medium-sized firms that don't train—is to make it very clear what the problem is, and that the only way we can solve it is by everyone training—or at least everyone paying the cost of training. Should it be necessary for the commission to recommend legislation to equitably distribute the costs, those 200 firms

could not say, through their trade association, "Why this kind of legislation?" It would then be very obvious why it was necessary to have it.

The most recent evaluation of other jurisdictions was Focus on Apprenticeship, which was a symposium the Ministry of Colleges and Universities had in the fall of 1977, when they brought respected apprenticeship people, professors, what have you, from around the world to a conference in Toronto. A lot of the ideas that came out of that conference are valuable inputs to the work of the commission.

We are conscious of what is being done in other jurisdictions. We are equally conscious of the difficulty of just transferring a European system, en bloc, into Canada, because so many things are different.

We are finding that this is where the friction comes out. For example, Mr. Miller's point about the man in Cayuga who was trained in Europe. We are having more difficulty with people who were trained outside this jurisdiction, in terms of accepting the products of our educational institutions, which is a different kind of problem. But the Ministry of Colleges and Universities and the commission are certainly aware of it.

In terms of encouragement, we are going out and doing all the encouraging we can, short of, as I said to Mr. Mackenzie, offering anyone else any more money. We are saying: "You have a responsibility. Are you going to shoulder the responsibility, or aren't you? If you aren't, you are inviting us to suggest to the government that the private sector will not accept its responsibility; we have to look at some other form." Compulsion, for want of any other word, would be necessary.

Mr. Mackenzie: Mr. Chairman, can I interrupt for just a moment? I don't want to take away from the questions, although most of them have been covered.

We have been all morning on manpower. We have two votes and only 17 minutes left. I don't care about touching the Ontario Labour Relations Board, but I sure as blazes would like both parties to have five or 10 minutes on human rights, and we have exactly 15 minutes left. Is there any way we can make any kind of agreement to at least allow the two parties to touch the human rights issue?

Mr. Chairman: That is up to yourselves. We will have completed 23 hours of the estimates and it seems strange that we doubled it from over 220 hours to 440 hours. Will we have to make it 660 hours? I don't

like to curtail anything. This is very interesting.

Mr. Mackenzie: Neither do I. All I am saying is we have been all morning, and most of this had been covered a couple of times.

Mr. Chairman: I appreciate it. You are absolutely right. We have 15 minutes to cover two votes.

Mr. Pollock: Might I just finish on attitudes? Yes, we all have an attitude problem relative to skilled trades and we are all going to have to change it. Those of us in the room, parents, teachers, young people.

[12:45]

Mr. Kerrio: Can I make one final comment? I think that might be indicative of what does happen.

As I suggested to you, I have had many tradesmen work with us over the years and I have carried a substantial staff. When the St. Lawrence Seaway and General Motors and Ford came into the area, it became very difficult to hold those kinds of tradesmen in a small company.

Unless a small company is quite versatile, you don't stay in business 60 years. It was easier for us to go a different route, to get into a very specialized line, so we could survive. That was in our best interest, and we are doing quite well. That was in our best interest, but it was not in the best interest of those people wanting an opportunity to learn trades in our society.

I say that with experience; that happened. We just went in a different direction. We have done the same gross volume of business with eight or 10 people and we didn't train them any more because we went into a specialized line. As I say, I think that in itself is a great loss to any commitment we could have participated in in upgrading the tradesmen in that particular area, after doing it for many years.

I put that to you for whatever it is worth. Somehow those people who have had the experience, who have the knowhow, might be encouraged to continue, in order that they could be helpful in expanding those people with those skills. We have been able to survive, as I suggested, because if you are not versatile you are just out of business. That, as I said, does not augur well for any kind of program where we could participate.

Vote 2406 agreed to.

On vote 2407, Mr. Chairman: human rights commission program:

Mr. McClellan: Do you want to split the time on this?

Mr. Chairman: Yes. Seven and one half minutes each.

Mr. Van Horne: Mr. Chairman, I'm not really determined to spend a whole lot of time on this and I would agree that we split the time.

Mr. McClellan: Would you mind, as a favour, if I started? I have a lunch guest who is waiting for me upstairs. I will try to take less than the seven and a half minutes.

Mr. Van Horne: Sure.

Mr. McClellan: With just a few minutes it is not possible to get into the range of concerns that I wanted to raise with the minister around the Ontario Human Rights Commission. Let me simply say that for the first time since I have been elected we are starting to get expressions of concern and unhappiness with the administration of the Ontario Human Rights Commission. That is a relatively new phenomenon.

If you will look back over the years I suspect you won't find—I may be wrong—that kind of concern being expressed during the estimates debates, certainly not very forcefully at any rate. I simply wanted to put you on notice, since we don't have time to do it today, that the administration of the human rights commission is becoming a matter of political debate unless there are some significant changes.

I don't have to go very far afield to identify the problem. The problems were identified for you in the Life Together report, in 1977. I will just remind you of the problems. Leaving aside entirely the question of a reformed code, because I don't have time to deal with that and I am not talking about it, I am talking about the fact that the Ontario Human Rights Commission is currently incapable of adequately enforcing the existing code.

That was clearly documented by the commission itself two years ago. They talk about the inadequacy of the code. The commissioners say, in a unanimous report, "The legislation is now riddled with anomalies and hamstrung by limitations which render it increasingly unable to address the burgeoning human rights needs of this province." That was two years ago. The situation has become worse.

They talk, on page nine of the report, about constraints on their budget and on their resources which prevent them from doing their job. "Ever since the Ontario Human Rights Commission was established in 1962 the budget allocated to it by the province has been inadequate for the commission to discharge the responsibilities as-

signed to it by the Legislature. In recent years this gap has steadily widened so that there is now a serious discrepancy between the commission's legal responsibilities and the limited resources available to it to meet these responsibilities."

They talk about the backlog in their ability to handle cases. Let me quote: "The commission appreciates the climate of economic restraint under which the government of Ontario and its agencies must currently operate, but in view of the obvious and growing needs of this province in the field of human rights, it is unconscionable that the commission's urgent request for additional resources for the 1977-78 fiscal year were almost totally rejected."

They go on to say; "The best legislation is rendered useless if resources are not provided." They talk about window dressing. I look at the budget statement and I think I see an increase of something like \$60,000 from last year until this year, which indicates to me that not only have you rejected the recommendations for a reform of a code which the commission has described as "riddled with anomalies and hamstrung by limitations," but you have also ignored their urgent warnings to you that they are incapable even of looking to the administration of the existing inadequate code on the basis of the resources that you're prepared to provide. It's starting to show up in complaints to members of the Legislature and in expressions of dismay from ethnic community organizations throughout Metropolitan Toronto, which is what I'm in touch with. It's an intolerable situation that we don't intend to ignore.

I regret that we don't have time to do it this year in the estimates, but we have other forums available to us. I think perhaps we are going to have to look at giving the human rights commission exactly the same kind of detailed scrutiny we give to the Workmen's Compensation Board. We are starting to see the same expressions of concern about inadequacy that we were hearing in the early 1970s and up until the present time with respect to the Workmen's Compensation Board.

All I can do in my time—and my time has now expired—is to put you on notice, and to put the commission on notice. I had hoped to be able to deal with the development of Bill 188, but as I said, time doesn't permit that either. Neither does time permit a full discussion of the unanimous recommendation of the commissioners for a reformed code.

Let me just tell you we will be back here in the next session, in some incarnation or other, and we will expect, as an early item on the agenda, to have a full and thorough public discussion about what is happening in the Ontario Human Rights Commission; why it is incapable of doing its job; why you are underfunding it, and why you have delayed now for two years to bring about the kinds of fundamental restructuring and reforms that the commissioners recommended unanimously to you two years ago.

Hon. Mr. Elgie: Mr. McClellan, as you have indicated, time is running short so I won't take a great deal of time to respond. I appreciate, as we all do, the budgetary constraint problems the government is under. I will continue to strive to increase the budgetary allotment going to human rights because I consider it to be one of the most important arms of government. I don't think there should be any doubt about that.

I'm concerned that you say the backlog is increasing. We don't have time to go into that, but I doubt that it is increasing. However, we can get that information for you and I'll see that you do get that information. In spite of the fact that you say there are concerns expressed about the administration and the impossibility to address the legitimate human rights issues that are out there, I would draw to your attention that in this past year more boards of inquiry have been appointed than ever before. The Ontario Human Rights Commission has, through its own ingenuity, gone into areas it has never gone into before, such as the area of sexual harassment and topless waitresses, purely on its own initiative and ingenuity.

On top of that, an area which wasn't addressed in Life Together, which I've always considered a most important one, was some introduction of a greater element of due process. That has now been introduced, in terms of people who have their claims rejected, of having the right to get reasons and have their views heard again. I think there have been considerable achievements in the past year, but I can't deny that the human rights commission does suffer under some budgetary constraints.

If you don't mind, I'll leave it at that, Mr. Van Horne has some comments to make.

Mr. Van Horne: Mr. Chairman, very briefly I was going to ask what involvement, if any, did the staff at the HRC have in the writing of that handicap bill. Was the input for that piece of legislation mainly from there or was it from another branch?

Hon. Mr. Elgie: The human rights commission has nothing to do with policy decisions of government.

Mr. Van Horne: You start somewhere. There was not input, then, from them?

Hon. Mr. Elgie: Not with the decision to introduce a bill to protect the rights of handicapped people. There were discussions, as I've said earlier, with the chairman and with Mr. Brown about the contents of the bill, but the matter of a policy about the decision to proceed initially with an interim piece of legislation like the handicapped bill was a policy decision of government.

Mr. Van Horne: Okay. Let me shift over to an event of this summer. This was the matter of the complaint made by David James Bone alleging discrimination in employment by the Hamilton Tiger Cats football club. That case was heard and a decision handed down. In my view it didn't really address itself to the problem and the problem is now in the hands of the federal commission.

The problem seems to be that either the province or the federal commission is uncertain of the jurisdiction and that the issue stems from the British North America Act. I'm just wondering, in so far as looking at problems such as this goes, how do you make that determination that it is either A or B? That is either one that the province should be accommodating or one that the federal people should be accommodating.

Hon. Mr. Elgie: The chairman or the executive director can comment more fully. But briefly, if a complaint is received a decision is made by the human rights commission as to whether or not it has legal authority to pursue the complaint.

Again they may comment on this further, but it's my understanding they felt they did have the authority to pursue the complaint and did so. They ordered a board of inquiry and the chairman of the board of inquiry indicated in his judgement that he did not have the jurisdiction to deal with the import rule, which is what you're talking about, because the Canadian Football League is national in its nature. Is that correct?

Dr. Crittenden: That's correct.

Hon. Mr. Elgie: But the chairman and the board of inquiry did deal with those matters within the purview of the province.

Mr. Van Horne: At that point I will stop, Mr. Chairman. I appreciate the responses given to us during these estimates. On behalf of my caucus colleagues who have been here during the course of these estimates I

will say I think we've been treated fairly and honestly. I want to thank you, Mr. Minister, and your staff for accommodating us.

Hon. Mr. Elgie: Mr. Chairman, may I ask if the members would mind if I ask Mr. George Adams to stand? He's the new chairman of the Ontario Labour Relations Board. Some of the members may not know him personally.

Mr. Mackenzie: Mr. Minister, can you give us any kind of an answer as to the plans or the time frame that you now have in terms of the amendments? I refer to both the general amendments to the human rights code as suggested and specifically the amendments that deal with the problems of the handicapped in employment.

Hon. Mr. Elgie: Our present plans are to have discussions with handicapped groups. They've agreed on with whom we can make those arrangements. I have to tell you, as I mentioned before, that many of our responses of possible changes we can make were well received by the handicapped groups. I hope there won't be any prolonged discussions necessary with the groups. In the meantime

I will continue, as in the past, to pursue with my colleague the other recommendations of Life Together.

Mr. Mackenzie: Will the handicapped situation come in this time under amendments to the human rights?

Hon. Mr. Elgie: That was the request of the handicapped groups and certainly that was the tenor of the press releases of both opposition parties. I can't give that kind of commitment, but certainly that seems to be the way that's most acceptable to most people.

Mr. Mackenzie: Are we looking at a fairly quick date then, in your perception?

Hon. Mr. Elgie: I can't give you that kind of commitment. I can tell you I will continue to pursue it. You know that I have an interest in those amendments.

Vote 2407 agreed to.

Vote 2408 agreed to.

Mr. Chairman: This completes the estimates of the Ministry of Labour.

The committee adjourned at 1:02 p.m.

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Conway, S. (Renfrew North L)
 Elgie, Hon. R.; Minister of Labour (York East PC)
 Haggerty, R. (Erie L)
 Kerrio, V. (Niagara Falls L)
 Mackenzie, R. (Hamilton East NDP)
 McClellan, R. (Bellwoods NDP)
 Miller, G. I. (Haldimand-Norfolk L)
 Van Horne, R. (London North L)
 Villeneuve, O. F.; Chairman (Stormont-Dundas-Glengarry PC)
 Wildman, B. (Algoma NDP)

From the Ministry of Labour:
 Crittenden, Dr. D., Chairman, Ontario Human Rights Commission
 Pollock, R. D., Chairman, Ontario Manpower Commission

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